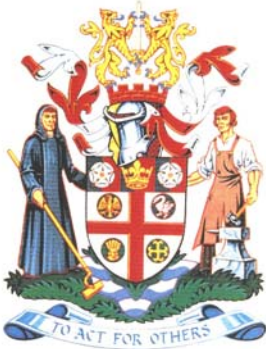


# Selby District Council



## Agenda

Meeting: **Executive**  
Date: **6 February 2014**  
Time: **4pm**  
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 9 January 2014. Pages 1 to 4 attached.

### 3. Disclosures of Interest

A copy of the Register of Interest for each Selby District Councillor is available for inspection at [www.selby.gov.uk](http://www.selby.gov.uk).

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

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

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

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

**4. 3rd Interim Budget Exceptions Report – Key Decision**

Report E/13/47 provides the Executive with details of major variations between budgeted and actual expenditure and income for the 2013/14 financial year to 31 December 2013. Pages 5 to 22 attached.

**5. 3rd Interim Treasury Management Report – Key Decision**

Report E/13/48 asks the Executive to endorse the actions of officers with regard to the Council’s treasury management activity. Pages 23 to 31 attached.

**6. Medium Term Financial Plan - Key Decision**

Report E/13/49 presents the Executive’s proposed budget and capital programme for 2014/15 to 2016/17. Pages 32 to 80 attached.

**7. Treasury Management Strategy – Key Decision**

Report E/13/50 presents for approval the proposed Treasury Management Strategy together with the Minimum Revenue Provision Policy Statement, Annual Investment Strategy for 2014/15 and Prudential Indicators 2014/15. Pages 81 to 105 attached.

**8. Programme for Growth – Asset Transfer Policy – Key Decision**

Report E/13/51 asks the Executive to consider the Transfer of Assets from Selby District Council to Selby and District Housing Trust. Pages 106 to 119 attached.

**9. Housing Rents and Misc. Charges 2014/15 – Key Decision**

Report E/13/52 asks the Executive to approve the proposed increase in housing rents for 2014/15. Pages 120 to 123 attached.

**10. 3<sup>rd</sup> Interim Corporate Plan Progress Report**

Report E/13/53 asks the Executive to consider Access Selby’s key performance indicators following the third quarter of 2013/14. Pages 124 to 135 attached.

**Jonathan Lund**  
**Deputy Chief Executive**

<b>Dates of next meetings</b>
<b>20 February 2014 - Executive Briefing</b>
<b>6 March 2014 Executive</b>

Enquiries relating to this agenda, please contact Glenn Shelley on:  
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# Selby District Council



## Minutes

### Executive

Venue:	Committee Room, Civic Centre, Selby
Date:	9 January 2014
Present:	Councillor M Crane (Chair), Mrs G Ivey, C Lunn, J Mackman and C Metcalfe.
Officers present:	Chief Executive, Deputy Chief Executive, Executive Director S151, Director of Community Services, Solicitor to the Council, Policy Officer (HG), Policy Officer (MD) and Democratic Services Manager.
Also Present:	
Public:	0
Press:	0

NOTE: Only minute numbers 69, 70, 71 and 72 are subject to call-in arrangements. The deadline for call-in is 5pm on 21st of January 2014. Decisions not called in may be implemented on 22nd of January 2014.

#### 66. Apologies for Absence

No apologies were received.

#### 67. Minutes

The Executive approved an amendment to the previous minutes. At minute 60 – Disclosures of Interest, the Executive agreed to replace the word 'commission' with the word 'permission'.

Subject to the above amendment, the minutes of the meeting on the 5 December 2013 were submitted and agreed as a correct record and signed by the Chair.

**68. Disclosure of Interest**

None were received.

**69. Core Strategy Legal Challenge and Implications for the Sites and Policies Local Plan**

Councillor J Mackman presented the report which provided an update on the legal challenge process and timetable regarding the Core Strategy. The report also proposed a budget to defend the challenge at the High Court and set out a revised timetable for the Sites and Policies Local Plan.

The Solicitor to the Council updated the Executive on a potential second legal challenge to the Core Strategy.

**Resolved:**

- i. To note the report;**
- ii. To approve the budget as set out in Exempt Appendix 1 from Council Reserves to meet the costs of the Legal Challenge as set out in paragraph 2.5;**
- iii. To agree the revised timetable and approach for the Sites and Policies Local Plan (SAPP) as set out in paragraphs 2.7-2.13.**

Reason for the decision:

To ensure sufficient resources are in place to defend the challenge to the Core Strategy whilst still progressing the new Local Plan in a timely but robust fashion to meet statutory requirements, and to deliver sustainable growth in the District in line with the Council's key priorities.

**70. Document Retention Policy**

Councillor M Crane presented the report on the proposed Document Retention Policy.

Councillor M Crane set out that the Policy made reference to relevant legislation, key considerations and the Corporate Records Retention and Disposals Schedule.

**Resolved:**

**To approve the Document Retention Policy.**

Reasons for the decision:

To have a robust framework to provide a consistent, professional approach to both paper and electronic document management, which complies with the current legislation in relation to the management of information.

**71. Procurement of North Yorkshire County Council's Telephone System**

Councillor C Lunn presented the report which requested the virement of funds from the approved ICT Capital Programme in 2013/14 to enable a project to be brought forward to purchase a new telephony system.

Councillor C Lunn set out the benefits of the replacement phone system this included a potential £3k saving each year.

**Resolved:**

**To approve the virement of £57,000 from savings within the approved ICT Capital Programme to finance the purchase of the NYCC Mitel phone system and avoid an abortive £15,500 CoCo compliance cost.**

Reasons for the decision:

To deliver a modern phone system that will enable potential partnership and revenue opportunities, while avoiding a £15,500 outlay to meet CoCo compliancy.

**72. Potential Purchase of Homes and Communities Agency (HCA) Land at Burn – Key Decision**

Councillor M Crane presented the report which provided an appraisal of the Burn Airfield site and sought councillors' views on whether the Executive was minded to submit a bid to purchase the site.

Councillor M Crane provided an overview of the latest position on the site which included the recent communication received from the HCA outlining a proposal to place the site on the open market.

The Executive discussed the benefits of purchasing the land at Burn, its potential as a strategic site and the applications to register parts of the site as a Community Asset.

The Executive unanimously agreed to inform the HCA of its interest in purchasing the site on a public sector to public sector basis.

The Executive agreed to consider the financial implications of the potential purchase in Private Session.

**Resolved:**

**In accordance with Section 100(A)(4) of the Local Government Act 1972, in view of the nature of the business to be transacted, the meeting be not open to the Press and public during discussion of the following item as there will be disclosure of exempt information as defined in Section 100(1) of the Act as described in paragraph 3 Part 1 of Schedule 12(A) of the Act.**

The Executive discussed the financial implications of the potential purchase of Burn Airfield.

**Resolved:**

- i. To unanimously agree, to inform the HCA that the Executive is interested in purchasing the Burn Airfield site and would urge the HCA to extend its previous willingness to negotiate for the sale of the site directly and exclusively with the District Council.**
- ii. To approve a budget from the Programme for Growth Strategic Sites budget sufficient for the Council to carry out the necessary due diligence as set out in the Appendix, Para A2.6 to allow the submission of a bid to HCA and**
- iii. To authorise the Chief Executive to appoint a land agent and procure legal advice to negotiate a price and agree heads of terms.**

Reasons for the decision

To seek to secure the Burn Airfield Site as a strategic site acquisition for the District on reasonable terms and to press the HCA to continue its previous willingness to negotiate for the sale of the site directly and exclusively with the District Council.

The meeting closed at 16.53 pm

# Selby District Council

## REPORT

Reference: E/13/47

Public - Item 4



**To:** The Executive  
**Date:** 6 February 2014  
**Status:** Key Decision  
**Report Published:** 29 January 2014  
**Author:** Jodie Taylor – Lead Officer Finance  
**Executive Member:** Councillor C Lunn – Lead Member for finance & Resources  
**Lead Officer:** Karen Iveson – Executive Director (and S151)

**Title:** Financial Results and Budget Exceptions Report to 31 December 2013

### Summary:

At the end of quarter 3, the full year forecast for the General Fund shows an estimated surplus of £148k and the HRA an estimated surplus of £186k. Progress with the Capital Programme is good although there are some expected delays within the General Fund that will require budgets to be carried forward. Savings targets are expected to be achieved for the year; however officers will continue to monitor this to ensure there is no slippage.

### Recommendations:

**It is recommended that:**

- i) The Executive endorse the actions of officers and note the contents of the report.**
- ii) The Executive approve the transfer of Core General Fund Surpluses up to the value of £183k to the Business Rates Equalisation Reserve.**

### Reasons for recommendation

To ensure that budget exceptions are brought to the attention of the Executive with explanations from officers; in order to approve remedial action as necessary.



## 1. The Report

### Financial Results

- 1.1 Appendix A presents the major forecasted variances identified to date up to 31 December 2013 against the approved budgets.

#### General Fund - Revenue

- 1.2 The full year forecast for the General Fund currently shows an estimated surplus of £148k (-£20k deficit Access Selby & £168k surplus Core) against a budgeted surplus of £129k (Core) – A Variance of £19k:

General Fund	Budget £000's	Forecast Full Year variance £000's
Core	4,659	(39)
Access Selby	6,049	20
Communities Selby	199	0
	10,907	(19)

- 1.3 The core surplus is due to savings on drainage board levies as well as small savings on staff costs and the Internal Audit contract, slightly offset by reduced investment interest as a result of lower than budgeted interest rates. This surplus has reduced from quarter 2 due to approval at Executive on 5<sup>th</sup> December 2013 to use £80k of the surplus to fund the budget shortfall for the Tadcaster Central Area redevelopment capital project.
- 1.4 Access Selby General Fund is currently forecasting a 2013/14 deficit of £20k for the year as at the end of December assuming the budgeted contingency of £70k is spent. Should this not be used, based on current forecasts Access Selby would generate a surplus of £50k for the year. There is a large reduction in benefit payment (£362k) forecast for 2013/14, although the impact on the bottom line is minimal as this will be offset by reduced rent allowance income (370k).
- 1.5 Within the MTFs update that went to Executive in September, it was noted that an additional £183k is required for the Business Rates Equalisation reserve to give the Council enough resource to cover 3 years of safety net threshold losses. It is therefore proposed that any Core General Fund surpluses up to the value of £183k be transferred to this reserve.

## Housing Revenue Account

- 1.6 The HRA full year forecasted surplus is £186k (£158k Access Selby & £28k Core):

HRA	Budget £000's	Forecast Full Year variance £000's
Core	4,297	(28)
Access Selby	(4,297)	(158)
Communities Selby	0	0
	0	(186)

- 1.7 The core HRA surplus of £28k is largely contributed to by increased housing rents, this is subject to change over the year depending on tenancy changes and the number of void properties. This figure is kept under constant review and will be updated accordingly.
- 1.8 Access Selby HRA is forecasting a current year end surplus of £158k largely due to maintenance savings and increased maintenance recharges on community centres and corporate buildings. There are also a number of savings within supplies and services such as audit fees that contribute to the surplus.

## **Capital**

- 1.9 There are several capital budget exceptions for 2013/14, the details of which are set out in Appendix B. General fund is experiencing delays with the mast relocation project which will not be complete in 2013/14. There will also be delays on the ICT capital investment in relation to the CRM & mobile working systems that have been realigned to fit with the Better Together project, this will have an impact on the expected savings that are to be generated from it.
- 1.10 In addition to the approved ICT programme an issue has arisen with the HR system which was due for upgrade next year. Due to the upgrade of our desktop environment to Windows 7 the upgrade to the HR system will need to be brought forward. The cost of the upgrade is estimated at £6k although the original budget allocation was £5k – there is capacity within the programme in 2013/14 to accommodate this work and officers propose to take the necessary steps to ensure we continue to have a functioning HR system.
- 1.11 HRA is seeing good progress, with the kitchen replacement and fencing programmes already completed. Work has commenced on the Airey properties which have been merged with the 2014/15 budget to form one continuous programme to benefit from economies of scale. There continues to be delays with the heating replacement programmes due to tenant refusal which is beyond the Council's control.

## **Savings**

- 1.12 Appendix C presents an update on progress against the Council's savings action plan for the General Fund and HRA.
- 1.13 General Fund savings of £3.578m (£445k Core & Communities Selby and £3.133m Access Selby) and HRA (Access Selby) savings of £363k have been achieved or likely to be achieved up to the end of December. Officers continue to work to identify additional savings and ensure there is no slippage on current progress to ensure the target for the year is achieved.

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

### **2.1 Legal Issues**

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

### **2.2 Financial Issues**

The financial issues are highlighted in the body of the report.

## **3. Conclusion**

- 3.1 Overall, the results show a good financial performance to the end of December with expected surpluses for both General Fund and HRA for 2013/14. Capital programme is progressing well and savings targets are on track.

### **Contact Details**

Jodie Taylor  
Lead Officer – Finance  
Selby District Council  
[jotaylor@selby.gov.uk](mailto:jotaylor@selby.gov.uk)

### **Appendices:**

Appendix A – General Fund and Housing Revenue Account Revenue budget exceptions

Appendix B – General Fund and Housing Revenue Account Capital Programme

Appendix C – General Fund and Housing Revenue Account Savings

## BUDGET EXCEPTIONS REPORT

April 2013 - November 2013

## Core

## General Fund Expenditure

Budget Description	Annual Budget £000's	Forecast Variance £000's	One-Off/ On-going	Comments
Supplies & Services	402	(19)	On-going	Savings on member training (£5k) and savings on the new Internal Audit Contract through Veritau (£14k).
Drainage Boards	1,503	(24)	On-going	Budget increased by 2.9% from 2012/13. Actual increases from the Drainage boards equate to a 1.24% increase.
Other minor variances		4		
<b>Total Variance - General Fund Expenditure</b>		<b>(39)</b>		
<b>Total Variance - Operating (Surplus)/deficit</b>		<b>(39)</b>		

Access Selby  
General Fund Income

Budget Description	Annual Budget £000's	Forecast Variance £000's	One-Off/ On-going	Comments
Government Grants**	(17,732)	382	On-going	Based on current data, a shortfall in Supporting People Grant is anticipated, this will offset slightly by an increased level of private payers £12k. Supporting People has a net nil impact on the General Fund. There is a forecasted shortfall of rent allowance income £370k offset by reduced benefit payments due to lower than projected payments..
<b>Total Variance - General Fund Income</b>		<b>382</b>		

Access Selby  
General Fund Expenditure

Budget Description	Annual Budget £000's	Forecast Variance £000's	One-Off/ On-going	Comments
Employees	5,561	(39)	One-Off	Current underspend relates to vacant and frozen posts across Access Selby. The outturn estimate includes all known planned commitments, for example Ready for Work Schemes. A vacancy / turnover saving of £37k has been added to the savings.
Premises	704	17	One-Off	An overspend is anticipated on Community Parks and Open Space Grounds Maintenance.
Supplies and Services	6,534	28	One-Off	There are increased NYBCP Contract payments £15k, and increases in gate fees incurred in the disposal of Recycling materials £18k, advertising costs in Development Management £9k, additional office running costs for Benefits Admin and Community Support £11k, External Contractor charges £8k and write offs for Hurricane Way Ind Units £8k. This is offset by expected savings on Commercial Waste Disposal Charges (£40k).
Benefit Payments**	16,905	(362)	On-going	Rent Allowance payments are lower than first projected. This is offset by reduced subsidy. There appears to be a decline in the current caseload against previous years.
Savings	(38)	(38)	On-going	Access Selby through in-year savings has identified sufficient savings to exceed its savings target for the year.
Other minor variances		(8)		
<b>Total Variance - General Fund Expenditure</b>		<b>(402)</b>		
<b>Total Variance - Operating (Surplus)/deficit</b>		<b>(20)</b>		

\*\* Reduced Rent Allowance Benefit Payments are offset by reduced subsidy income.

\*\*\* Additional Supporting People Private Payer Income is recharged to the HRA through Support Services.

**Core  
Housing Revenue Account Income**

Budget Description	Annual Budget £000's	Forecast Variance £000's	One-Off/ On-going	Comments
Housing Rents	(11,742)	(36)	One-Off	Current forecasts suggest rents will exceed budget although some write-offs are expected. To date there has been ten evictions and the impact of under occupancy is beginning to filter through, this is being mitigated by DHPs although this is not sustainable. Void turnover remains good at an average of 22 days. This means the property can be tenanted quicker rather than being left empty.
Other minor variances		8		
<b>Total Variance - HRA Income</b>		<b>(28)</b>		

Access Selby  
Housing Revenue Account Income

Budget Description	Annual Budget £000's	Forecast Variance £000's	One-Off/ On-going	Comments
Recharges	(392)	(48)	One-Off	Non-dwelling properties/capital schemes recharges expected to generate surpluses through the number of capital projects (£42k). Supporting People Recharge to General Fund increased due to Private Payers (£6k).
<b>Total Variance - HRA Income</b>		<b>(48)</b>		

Access Selby  
Housing Revenue Account Expenditure

Budget Description	Annual Budget £000's	Forecast Variance £000's	One-Off/ On-going	Comments
Employees	67	12	One-Off	Agency staff costs incurred for work on Asset Management, including garages and forecasted costs of the Housing Development Officer offset by savings on the Electrical Supervisor vacancy.
Premises	856	(85)	One-Off	Due to the responsive nature of the work corresponding with pro-active capital works it is expected there will be saving on Gutter work (£6k), Gas Central Heating replacement and servicing costs (£10k), footpath & footway maintenance (£17k), Solid Fuel Servicing (£7k), Pumping Station and Communal Lighting electricity (£6k), Community Centre repair (£10k) and utility costs (£20k) and Electrical Testing Contractors (£10k) due to an in-house Electrician.
Supplies and Services	1,311	(33)	One-Off	Small savings identified to date on grant audit fees (£6k) as a result of Self Financing eliminating subsidy returns, Telephones (£3k) from usage, Tenant Participation savings (£7k) and contributions towards GF costs (£15k), including External Audit, Bank Charges and old pension schemes.
Other minor variances		(4)		
<b>Total Variance - HRA Expenditure</b>		<b>(110)</b>		
<b>Total Variance - Operating (Surplus)/deficit</b>		<b>(158)</b>		

**2013/14 Selby District Council Capital Programme - Quarter 3**

**Appendix B**

General Fund	Annual Budget	Year to date Budget	Year to date Actual	Year to date Variance	Forecast	Forecast Variance	Comments
Industrial Units - Road Adoption	25,000	0	0	0	0	-25,000	This budget has been carried forward from 2012/13. Progress is being made and plans for work are being drawn up. It is not likely this will be completed this year and the budget will be carried forward to 2014/15.
Tadcaster Central Area Redevelopment	330,690	0	10,229	10,229	330,000	-690	Tenders have now been received for this work expected to be over budget by approximately £80k, this is to be met by Core savings approved at Executive on 5 December 13. Work commencing January 2014.
Mast Relocation Project	145,210	0	2,760	2,760	2,760	-142,450	Further options are being considered in regard to the future of the mast and its location. Will not be completed in 2013/14.
HR Bond Professional	5,000	0	0	0	6,175	1,175	Quote for £6175 has been received - upgrade required to operate on Windows 7
Transactional Website	85,000	0	0	0	85,000	0	To form part of CRM/ Better Together NYCC project
Northgate Revs & Bens	15,000	8,000	8,000	0	15,000	0	Application patched upgrades for Legislation changes etc
ICT Infrastructure Replacement	17,500	0	10,432	10,432	10,500	-7,000	Some of the underspend is required to cover small overspend in Desktop replacement budget
ICT Application Delivery	105,835	0	75,348	75,348	105,000	-835	ICT application project work is commencing with a view to rolling out new equipment to all sections, costs have been committed for this up to £104k.
DIP Upgrade	80,000	80,000	11,100	-68,900	15,000	-65,000	£57k of the underspend is required to fund Telephony Project - virement requested on the business case report to executive - Jan 14
IDOX Upgrade	15,000	0	4,575	4,575	15,000	0	Further work expected February '14
Environmental Health System	65,000	5,000	7,000	2,000	65,000	0	Upgrade to Oracle 11g taken place. M3 / IDOX migration delayed until April 14
Asprey E-state Pro	5,000	0	0	0	5,000	0	Linked to the Genero Housing System
Income Management	17,000	0	7,890	7,890	17,000	0	Some payments pending - meeting with account manager scheduled to discuss IVR issues
Genero Housing System	70,000	0	0	0	70,000	0	Currently out to tender with site visits commencing January
Mobile Working Solution	81,000	0	0	0	0	-81,000	Currently on hold, likely to commence in 2014/15.
ICT - Desktop Replacement Programme	15,000	10,000	12,386	2,386	16,281	1,281	This is for a continuous cycle of updating desktop equipment. A small overspend is anticipated but can be covered by a corresponding infrastructure saving.
Asset Management Plan - Leisure & Parks	20,500	0	0	0	15,000	-5,500	Work completed but still awaiting an invoice, a saving is anticipated.
CCTV - Fibre Hub	23,600	23,600	5,930	-17,670	20,000	-3,600	All old cameras are now removed and now waiting for the columns to be removed, anticipated by the end of December. Some savings are expected.
P4G Abbey Leisure Centre Rebuild			283,306	283,306		0	Early Planning and Development stage of the Leisure Centre rebuild. Full costs of project are yet to be finalised. Confirmation of £2.032m Sport England funding has been confirmed.
Programme for Growth			503,375	503,375		0	Land purchase costs and specialist fees for the Bondgate project. Project costs are to funded as milestones are met.
Private Sector - Home Improvement Loans	35,800	23,867	-9,736	-33,603	35,800	0	To date, 7 have been paid out and 5 repayments have been received which are recycled in to the scheme. There are a further 4 applications that have been approved and payment will be processed when the application is completed. To date more money has been received back than paid out.
Disabled Facilities Grants	350,000	233,333	67,689	-165,644	300,000	-50,000	To date 23 applications have been approved, the work has been completed on 13 of these and final payments made. Due to changes in working practices the number of referrals have reduced from NYCC. This may generate some savings in the year.
Energy Efficiency & Fuel Poverty	13,640	0	0	0	13,640	0	As at mid December there had been no requests for this funding. It is anticipated that there will be a demand during the winter months and the remaining quarter of the financial year.
	<b>1,520,775</b>	<b>383,800</b>	<b>1,000,284</b>	<b>616,484</b>	<b>1,142,156</b>	<b>-378,619</b>	



**2013/14 Selby District Council Capital Programme - Quarter 3**

**Appendix B**

Housing Revenue Account	Annual Budget	Year to date Budget	Year to date Actual	Year to date Variance	Forecast	Forecast Variance	
Kitchen Replacements	353,570	349,570	334,959	-14,611	353,570	0	Programme complete for the year, the remainder of the budget is for 'emergency' or void replacements.
Electrical Rewires	260,000	173,333	180,956	7,623	260,000	0	Work progresses well on a continuous programme of rewires and consumer units, progress is being closely monitored.
Airey Property Works	486,980	25,980	56,391	30,411	486,980	0	Work has commenced on site with a view of utilising all this budget in the year prior to the final phases in 2014/15.
Central Heating System Replacements	1,684,840	1,123,227	653,786	-469,441	1,150,000	-534,840	Programme of replacements continues. To date approximately 300 boiler or heating systems have been replaced and 6 further to be booked in, including fuel switches (see below). Some delays encountered in getting gas supply to properties and are waiting for quotes from Northern Gas Networks for 30 new supplies. Any refusals will be addressed in future years of the 3 year programme or when the property becomes vacant, this relates in particular to E7 where tenants do not want the major disturbance required for the fuel switch which has led to the saving in year.
Solid Fuel System Replacements	250,000	0	60,672	60,672	70,972	-179,028	Linked to the Central Heating Replacement programme, encountering refusals due to disturbance and in some cases the receipt of free coal by some tenants. These will continue to be looked at in the rolling programme. There have also not been anywhere near the anticipated failures on the back of servicing, these will still need to be replaced in the future.
Roof Replacements	560,000	560,000	499,562	-60,438	510,000	-50,000	The programme of roof replacements has now been completed with the exception of 2 properties which will be rolled in to the next phase. Recharges have been raised to leasehold tenants for works in Sherburn in Elmet and Byram. The saving may be required for emergency replacement.
Damp Works	300,000	200,000	153,477	-46,523	300,000	0	Work continues to cover more responsive works, demand is starting to increase for the winter period.
External Cyclical Repairs (Painting & Windows)	184,990	106,590	134,628	28,038	184,990	0	Good progress is being made by the contractor. The work is being combined with the external door replacement and window replacement programmes and is expected to be completed this year.
External Door Replacements	161,010	107,340	108,759	1,419	161,010	0	As External Cyclical Repairs.
Window Replacements	30,450	30,450	30,199	-251	30,450	0	As External Cyclical Repairs.
Void Property Repairs	51,750	34,500	28,399	-6,101	51,750	0	This work is responsive to the level of void properties and is dependent on each individual scenario as to the level of work required. The largest element of spend to date is on Electrical work. The level of void work is being managed both through capital and revenue budgets.
Fencing Programme	17,990	17,990	17,962	-28	17,962	-28	This programme is complete, responsive works are managed through revenue.
	<b>4,341,580</b>	<b>2,728,980</b>	<b>2,259,750</b>	<b>-469,230</b>	<b>3,577,684</b>	<b>-763,896</b>	
<b>Total Capital Programme</b>	<b>5,862,355</b>	<b>3,112,780</b>	<b>3,260,034</b>	<b>147,254</b>	<b>4,719,840</b>	<b>-1,142,515</b>	

**ACCESS SELBY  
GENERAL FUND BASE BUDGET  
SAVINGS/EFFICIENCIES ACTION PLAN 2013/14 -  
2015/16**

## Key:



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

Proposed Savings	Status	2013/14	2014/15	2015/16	2016/17	Progress
		£	£	£	£	
		0.020	0.020	0.020	0.020	
<b>Procurement Workstream</b>						
Collaborative corporate contracts through shared procurement service Note: The balance of this target will reduce as individual procurement projects are identified	Red	-	43,829	42,047	45,214	This is a target set for the procurement team and is a reducing balance as savings are identified. The original target was £150k and these balances reflect savings still to be achieved. No further savings have yet been identified for 2013/14.
CCTV - Equipment Rental	Green	-	3,450	3,519	3,589	A review of the contract identified equipment rental savings.
CCTV - Private Contractors - Contract	Green	-	3,210	3,274	3,340	A review of the contract identified contractor savings.
CCTV - Equipment Rental / Repairs & Maintenance	Green	17,000	-	-	-	In year savings as the new contract arrangements take effect
<b>Total Procurement</b>		<b>17,000</b>	<b>50,489</b>	<b>48,840</b>	<b>52,144</b>	
<b>Transformation</b>						
Spend to save initiatives	Red	0	25,000	25,500	26,010	Officers working to highlight initiatives.
CRM Replacement - Capital investment required to achieve revenue savings	Red	0	0	52,785	53,312	Approval has been given for the CRM replacement project. Realisation of savings is highly dependant on staff efficiencies being achieved - Reprofiled for expected start date.
Mobile Working - Capital investment required to achieve revenue savings	Red	0	0	125,038	142,814	Approval has been given for the Mobile Working Project. Realisation of savings is highly dependant on staff efficiencies being achieved - Reprofiled for expected start date.
Business Support - Replace 2a Post with 1b	Green	2,545	4,510	4,510	4,510	Report approved in November to replace Supervisor role at 2a with an additional 1b post.
Court Cost / Summons Income - Council Tax recovery proceedings	Green	96,600	0	0	0	Changes in recovery proceedings has resulted in a sharp increase in costs raised against Council Tax accounts for Court/Summons Fees. Accounts are now taken with smaller arrears values to prevent on-going debtors. This may be a one-off spike as a result of the change, and therefore will need to be reassessed for 14/15 onwards. (to date £80k received, expected to achieve target).
Programme for Growth	Amber	40,000	40,000	40,000	0	Expected income from commissioned work to date for Programme for Growth. Based on current projects savings target will be achieved.
<b>Total Transformation</b>		<b>139,145</b>	<b>69,510</b>	<b>247,833</b>	<b>226,646</b>	
<b>Asset Management Workstream</b>						
Running costs of new Civic Centre	Green	36,330	37,057	37,798	38,554	Savings already achieved. Budgets reduced to take into account lower cost of utilities, repairs and maintenance etc.
Barlby Depot	Green	13,360	13,627	13,900	14,178	Completed
Industrial Units	Green	14,000	14,280	14,566	14,857	As any profits are no longer shared with partners (notification received in November 2013), this saving represents the amount of income retained by SDC.
<b>Total Asset Management</b>		<b>63,690</b>	<b>64,964</b>	<b>66,263</b>	<b>67,588</b>	
<b>Value for Money Workstream</b>						
Telecommunications Mast	Red	-	-	-	-	Delays with the transfer of the mast from NYP to SDC
Negotiation for share of out performance on Council Tax collection	Amber	4,370	4,414	4,458	4,547	Will require year end reconciliations, however currently performing at 0.2% above target (Nov 13), which equates to £87.4k overall (5% Access Selby = £4370).
External Audit - Grants Audit Fee	Green	17,020	17,360	17,708	18,062	Following change from Audit Commission to Mazars - standard inspection of Grants fee has reduced by £17,020
Car Park Income	Red	-	20,000	20,333	21,000	No savings will be achieved in 13/14. New long stay car park not meeting capacity expectations coinciding with free car parking for profiles gym users and availability of free parking in town centre.
<b>Total Value for Money</b>		<b>21,390</b>	<b>41,774</b>	<b>42,499</b>	<b>43,609</b>	
<b>Base Budget Review Workstream</b>						

Proposed Savings	Status	2013/14	2014/15	2015/16	2016/17	Progress
		£	£	£	£	
Car Allowances	Green	24,000	24,000	24,000	24,000	Completed - Savings achieved removed from Base
Car Allowances	Amber	-	17,150	17,150	17,150	Remainder of target to achieve through alternative allowance options
Housing Benefit Overpayments Recovery	Green	125,000	127,500	130,050	132,651	Will require year end reconciliations, however currently performing to target or above.
Vacancy / Secondment savings between appointments	Green	37,850				Savings arising from timing of new appointments following vacancies / secondments.
Vacancy / Secondment savings between appointments	Amber	-	38,229	38,611	39,383	HR to provide a calculated turnover / secondment figure in order to calculate an estimated saving in future years. Current estimate is based on the 13/14 figure.
ICT	Green	10,000	10,200	10,404	10,612	Additional savings from the review of the profile of software maintenance payments.
Homeless Persons	Green	5,000	-	-	-	Reduction in the level of funding to Night Stop due to a fall in the number of cases.
Printing Costs	Green	7,000	-	-	-	Identified reduction in the cost of printing within the Business Support Unit
<b>Total Base Budget Review</b>		<b>208,850</b>	<b>217,079</b>	<b>220,215</b>	<b>223,796</b>	
<b>Discretionary Service Review Workstream</b>						
Enhanced Planning Advice Service	Amber	-	15,000	15,300	15,606	
Maximise current income streams	Amber	-	100,000	102,000	104,040	Progress against pilot projects in marketing strategy is being made including Civic Centre Room Hire. A process is to be developed with the assistance of the Finance Team to establish where (if any) progress has been made to influence and establish whether this saving is achievable. Going forward, the Programme for Growth will significantly contribute to achieving the target. The anticipated headroom of £50k generated from surplus recycling credits against the shortfall in the sale of recyclates can contribute towards this target.
Maximise current income streams	Green	146,800				Current year income surpluses for AVS/Core secondment £34K, Legal Costs £15k and Land Charges income £12K. The secondment is one-off only, Legal and Land Charges income will need to be monitored in the new year with a view to assessing whether the rise in income will be an on-going trend. An expected £70k surplus is anticipated on recycling income, as excess recycling credits exceed the shortfall in the sale of recyclable goods. Due to a large volume of sales, it is anticipated that there will be an excess of £16k from the sale of domestic wheeled bins.
Redeploy resources to pursue grant funding opportunities	Red	0	50,000	51,000	52,020	Lead officers considering grant opportunities as part of their budget monitoring.
Policy changes to introduce new income streams	Red	-	-	100,000	102,000	
<b>Total Discretionary Service Review</b>		<b>146,800</b>	<b>165,000</b>	<b>268,300</b>	<b>273,666</b>	
<b>General Fund Savings in Progress</b>		<b>596,875</b>	<b>608,816</b>	<b>893,949</b>	<b>887,449</b>	
<b>Completed (GREEN) General Fund Savings</b>		<b>2,580,272</b>	<b>2,718,602</b>	<b>2,838,127</b>	<b>2,891,022</b>	<b>(Maintained on a separate sheet)</b>
<b>Total General Fund Savings</b>		<b>3,177,147</b>	<b>3,327,417</b>	<b>3,732,076</b>	<b>3,778,471</b>	
<b>Savings Target</b>		<b>3,173,668</b>	<b>3,411,816</b>	<b>3,582,719</b>	<b>3,619,388</b>	
<b>New Target</b>		<b>3,173,668</b>	<b>3,411,816</b>	<b>3,582,719</b>	<b>3,619,388</b>	
<b>Headroom/Deficit (+/-)</b>	**	<b>3,479</b>	<b>- 84,399</b>	<b>149,357</b>	<b>159,083</b>	
<b>Green Savings</b>		3,132,777	2,973,796	3,097,855	3,155,374	
<b>Amber Savings</b>		44,370	214,792	217,519	180,726	
<b>Red Savings**</b>		-	138,829	416,703	442,371	
<b>Total</b>		<b>3,177,147</b>	<b>3,327,417</b>	<b>3,732,076</b>	<b>3,778,471</b>	

**ACCESS SELBY**  
**GENERAL FUND BASE BUDGET**  
**SAVINGS/EFFICIENCIES ACTION PLAN 2013/14 -**  
**2015/16**  
**ACHIEVED SAVINGS**

**Key:**

Green
Amber
Red

Savings likely to be achieved/low risk

Tentative savings - further work required/medium risk

Savings require a change in Council policy or significant change in service delivery

Proposed Savings	Status	2013/14 £	2014/15 £	2015/16 £	2016/17 £	Progress
<b>Inflation factor</b>		0.020	0.020	0.020	0.020	
<b>Procurement Workstream</b>						
Change provider for telephone calls and rationalisation of telephone accounts	Green	20,480	20,940	21,358	20,530	Completed
CCTV	Green	32,950	33,609	34,281	34,967	Completed
Partnering Back Office Support	Green	93,000	94,860	96,757	98,692	Completed
Pest Control Contract	Green	1,200	1,224	1,248	1,273	Completed
Recycling	Green	159,000	162,180	165,424	168,732	Completed
Green Waste - Gate fees and reduced mileage costs negotiated with Enterprise	Green	20,000	20,400	20,808	21,224	Completed
Contact Centre Electricity	Green	10,000	10,200	10,404	10,612	Completed
ICT - Server Virtualisation	Green	10,000	10,200	10,404	10,612	Completed
Gas Utilities Contract	Green	6,160	6,283	6,409	6,537	Completed
Change in printer / photocopier paper	Green	600	600	600	600	Completed
Change in Washroom Service contracts	Green	3,200	3,200	3,200	3,200	Completed
Citizen Link Printing	Green	800	800	800	800	Completed
Printer/Photocopier Contract - saving on Annual Rental	Green	3,730	8,955	8,955	5,225	Completed
Coshh Management	Green	3,500	3,500	3,500	3,500	Completed
Negotiate savings within Street Scene Contract	Green	31,870	32,507	33,158	33,821	Completed
		<b>396,490</b>	<b>409,458</b>	<b>417,306</b>	<b>420,326</b>	

<b>Proposed Savings</b>	<b>Status</b>	<b>2013/14</b> £	<b>2014/15</b> £	<b>2015/16</b> £	<b>2016/17</b> £	<b>Progress</b>
Cash collection/cash in transit contract costs	Green	2,200	2,200	2,200	2,200	Completed
WTT - Transformation (SDV)	Green	1,380,890	1,394,699	1,408,646	1,422,732	Completed
WTT - Transformation HRA Impact / Reviewing Apportionment to HRA	Green	91,970	92,890	93,819	94,757	Completed
<b>Total Transformation</b>		<b>1,475,060</b>	<b>1,489,789</b>	<b>1,504,664</b>	<b>1,519,689</b>	
<b>Asset Management Workstream</b>						
Vacation of Portholme Road Depot	Green	13,497	13,497	13,497	13,497	Completed
<b>Total Asset Management</b>		<b>13,497</b>	<b>13,497</b>	<b>13,497</b>	<b>13,497</b>	
<b>Value for Money Workstream</b>						
<b>Total Value for Money</b>		-	-	-	-	
<b>Base Budget Review Workstream</b>						
Pay award - Estimate reduced from 2.5% to 1%.	Green	81,730	166,280	255,040	255,040	Completed
Rationalisation IT Support Costs	Green	50,000	51,000	52,020	53,060	Completed
Rationalisation of cost base	Green	100,000	102,000	104,040	106,121	Completed
Frozen posts/vacancies	Green	19,320	19,513	19,708	19,905	Completed
Compensation for legacy costs/income pressures	Green	136,000	138,720	141,494	144,324	
Redundant ICT systems	Green	25,000	25,500	26,010	26,530	Savings achieved are Intech Benefit Fraud £5890, Legal Radius Arms £4463 and
Finance Budget Savings	Green	1,900	1,900	1,900	1,900	Completed
Additional Licensing Income	Green	5,660	5,660	5,660	5,660	Completed
O/S Survey Mapping Fees	Green	15,000	15,000	15,000	15,000	Completed
Housing Benefit Admin Miscellaneous Savings	Green	3,800	3,800	3,800	3,800	Completed
Statutory Planning Notices	Green	3,500	3,500	3,500	3,500	Completed

<b>Proposed Savings</b>	<b>Status</b>	<b>2013/14</b> £	<b>2014/15</b> £	<b>2015/16</b> £	<b>2016/17</b> £	<b>Progress</b>
Primary Care Trust	Green	10,000	10,000	10,000	10,000	Completed
Printing Supplies	Green	5,000	5,000	5,000	5,000	Completed
Pollution Monitoring Consultants	Green	5,000	5,000	5,000	5,000	Completed
Public Conveniences Contract - Inflation	Green	3,000	3,000	3,000	3,000	Completed
Licensing Income	Green	2,700	2,700	2,700	2,700	Completed
Domestic Waste - Sale of Goods	Green	5,000	5,000	5,000	5,000	Completed
Bus Station Repairs & Maintenance	Green	2,000	2,000	2,000	2,000	Completed
Health & Housing Call Out	Green	720	720	720	720	Completed
HR Budget Savings	Green	1,640	1,640	1,640	1,640	Completed
General Office Expenses	Green	8,480	8,480	8,480	8,480	Completed
Car Park Warden Van Lease	Green	2,890	2,890	2,890	2,890	Completed
Street Cleansing - General Advertising	Green	16,000	16,000	16,000	16,000	Completed
Further Base Budget Review Savings - details on supplementary list	Green	6,500	6,500	6,500	6,500	Completed
Further Base Budget Review Savings - details on supplementary list	Green	61,385	79,575	79,576	106,236	Completed
<b>Total Base Budget Review</b>		<b>572,225</b>	<b>681,378</b>	<b>776,678</b>	<b>810,007</b>	
<b>Discretionary Service Review Workstream</b>						
HR - Budget review	Green	5,000	5,000	5,000	5,000	Completed
Charge for planning advice	Green	30,000	30,600	31,212	31,836	Now charging for planning advice, further proposals for additional income generation within Planning are being considered
Reduce opening hours at Access Selby	Green	35,000	35,350	35,704	36,061	Completed
Barlow Nature Reserve	Green	53,000	53,530	54,065	54,606	Completed
<b>Total Discretionary Service Review</b>		<b>123,000</b>	<b>124,480</b>	<b>125,981</b>	<b>127,503</b>	
<b>Total General Fund Savings</b>		<b>2,580,272</b>	<b>2,718,602</b>	<b>2,838,127</b>	<b>2,891,022</b>	

**CORE  
GENERAL FUND BASE BUDGET  
SAVINGS/EFFICIENCIES ACTION PLAN  
2013/14 - 2015/16 (V10)  
Updated December 2013**

**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

<b>Proposed Savings</b>	<b>Status</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Progress</b>
		£	£	£	£	
<b>Inflation factor</b>		0.020	0.020	0.020	0.020	
<b>Procurement Workstream</b>						
Election software	<b>Green</b>	4,890	4,988	5,087	5,189	Completed
Audit Partnership	<b>Green</b>	15,606	15,918	16,236	16,561	Completed
		<b>20,496</b>	<b>20,906</b>	<b>21,324</b>	<b>21,750</b>	
<b>Transformation Workstream</b>						
WTT - Transformation (Core)	<b>Green</b>	52,020	53,060	54,122	55,204	Completed
Joint CE with NYCC appointed and 1 further FTE reduction	<b>Green</b>		82,000	82,820	83,648	
<b>Total Transformation</b>		<b>52,020</b>	<b>135,060</b>	<b>136,942</b>	<b>138,852</b>	
<b>Value for Money Workstream</b>						
Internal Drainage Boards	<b>Green</b>	148,920	151,898	154,936	158,035	Completed
Community Safety	<b>Green</b>	15,918	16,236	16,561	16,892	Completed
Ward Boundary Review	<b>Green</b>			30,000	30,000	To be implemented following next election May 2015 - amount subject to review of allowances.
<b>Total Value for Money</b>		<b>164,838</b>	<b>168,135</b>	<b>201,498</b>	<b>204,928</b>	
<b>Base Budget Review Workstream</b>						
External Audit Fee	<b>Green</b>	53,370	53,370	53,370	53,370	Completed
Early Retirements - Strain on Pension Fund	<b>Green</b>	96,580	98,512	100,482	102,491	Completed

<b>Proposed Savings</b>	<b>Status</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Progress</b>
		£	£	£	£	
Corporate and Democratic Core	Green	7,000	7,140	7,283	7,428	Completed
Pay Award from 2.5% est to 1% revised	Green	22,230	33,150	48,118	48,118	Completed
Internal Audit	Green	13,520	13,790	14,066	14,348	Completed
Car Allowances	Green	2,850	2,850	2,850	2,850	Completed
<b>Total Base Budget Review</b>		<b>195,550</b>	<b>208,812</b>	<b>226,169</b>	<b>228,605</b>	
<b>Discretionary Service Review Workstream</b>						
External Grants	Green	12,000	12,000	12,000	12,000	Completed
<b>Total Discretionary Service Review</b>		<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	
<b>Income Generation Workstream</b>						
Use of assets for advertising space	Red		25,000	25,000	25,000	Initial bids for space have been received
<b>Total Income Generation</b>		<b>-</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	
<b>Total General Fund Savings</b>		<b>444,904</b>	<b>569,913</b>	<b>622,932</b>	<b>631,136</b>	
<b>Target</b>		<b>397,037</b>	<b>665,973</b>	<b>952,716</b>	<b>977,638</b>	
<b>Headroom/Deficit (+/-)</b>		<b>47,867</b>	<b>- 96,060</b>	<b>- 329,784</b>	<b>- 346,502</b>	
<b>Green Savings</b>		444,904	544,913	597,932	606,136	
<b>Amber Savings</b>		-	-	-	-	
<b>Red Savings**</b>		-	25,000	25,000	25,000	
<b>Total</b>		<b>444,904</b>	<b>569,913</b>	<b>622,932</b>	<b>631,136</b>	



**HOUSING REVENUE ACCOUNT BASE BUDGET SAVINGS 2013/14 - 2015/16****ACCESS SELBY****Updated October 13 (v14)**

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

Status	2013/14	2014/15	2015/16	2016/17	Progress
	£				
<b>Inflation factor</b>	0.020				
<b>Proposed Savings</b>					
Review of Property Services unfilled posts	Green	50,000	50,000	50,000	50,000 Completed
Gas Servicing Contract	Green	20,000	20,000	20,000	20,000 Completed
Grassed Areas & Open Spaces base budget review	Green	29,000	29,000	29,000	29,000 Completed
Various Suppliers	Green	22,000	22,000	22,000	22,000 Completed
WTT - Savings	Green	129,591	129,591	129,591	129,591 Completed
2011/12 Pay Award	Green	27,000	27,000	27,000	27,000 Completed
Car Allowances	Green	5,600	5,600	5,600	5,600 Completed
Savings on Audit Fees and early Retirement Charges	Green	24,800	40,460	40,460	40,460 Completed
Ryecare Help-Line Telecom Saving	Green	700	700	700	700 Completed
Consolidation of IT Budgets	Green	23,685	23,685	23,685	23,685 Completed
Electrical Testing - R&M	Green	10,000	15,000	15,000	15,000 Completed
Vehicle Tracking System	Green	500	500	500	500 Completed
Direct Works - Phones	Green		2,000	2,000	2,000 Completed
Grants Audit Fees	Green	6,000	6,000	6,000	6,000 Completed
Clear Access Footways	Green		2,500	2,500	2,500 Completed
Footpaths	Green	6,000	10,000	10,000	10,000 Completed
Gutters & Fallpipes	Green	5,000	5,000	5,000	5,000 Completed
Tenants Participation - Housing Reports	Green		450	370	370 Completed
Energy Performance Certificates	Green	3,000	3,000	3,000	3,000 Completed
<b>Total Housing Revenue Account Savings</b>		<b>362,876</b>	<b>392,486</b>	<b>392,406</b>	<b>392,406</b>
<b>Target Savings</b>		<b>360,000</b>	<b>360,000</b>	<b>360,000</b>	<b>360,000</b>
<b>Headroom/Deficit (+/-)</b>		<b>2,876</b>	<b>32,486</b>	<b>32,406</b>	<b>32,406</b>

Green  
Savings  
Amber  
Savings  
Red  
Savings\*\*

362,876    392,486    392,406    392,406

# Selby District Council

## REPORT

Reference: E/13/48

Public – Item 5



**To:** The Executive  
**Date:** 6 February 2014  
**Status:** Key Decision  
**Report Published:** 29 January 2014  
**Author:** Jodie Taylor – Lead Officer Finance  
**Executive Member:** Councillor C Lunn – Lead Member for Finance & Resources  
**Lead Director:** Karen Iveson – Executive Director (s151)

**Title:** Treasury Management – Monitoring Report to 31 December 2013

### Summary:

This report reviews the Council's borrowing and investment activity (Treasury Management) for the first nine months of 2013/14 and presents performance against the Prudential Indicators.

Investments – as interest rates continue at a low level and a rise in Bank Rate is not forecast until 2016 at the earliest, we are forecasting an outturn of £239k, which is £6k below budget.

Borrowing – the Council has long term borrowing of £60.33m at 31 December 2013.

Prudential Indicators – the Council's affordable limits for borrowing were not breached during this period.

### Recommendations:

- i. **Councillors endorse the actions of officers on the Council's treasury activities for the period ending 31<sup>st</sup> December 2013 and approve the report**

## **Reasons for recommendation**

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

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

- 1.1 This is the third monitoring report for treasury management in 2013/14 and covers the period 1 April to 31 December 2013. During this period the Council complied with its legislative and regulatory requirements.
- 1.2 Treasury management in Local Government is governed by the CIPFA “Code of Practice on Treasury Management in the Public Services” and in this context is the management of the Council’s cash flows, its banking and its capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks. This Council has adopted the Code and complies with its requirements.
- 1.3 The Council’s Treasury Strategy, including the Annual Investment Strategy and Prudential Indicators was approved by Council on 26 February 2013.
- 1.4 The two key budgets related to the Council’s treasury management activities are the amount of interest earned on investments £245k (£200k General Fund, £45k HRA) and the amount of interest paid on borrowing £2,525k (£112k General Fund, £2,413k HRA).

### **2. The Report**

#### **Interest Rates and Market Conditions**

- 2.1 The Bank of England is continuing to maintain interest rates at 0.5% (the bank rate). Following the Council’s Treasury Management advisors latest review of interest rate forecasts a rate rise is now expected in June 2016, marginally earlier than previously expected.
- 2.2 Reflected in the latest forecast is the market view that the continuing run of strong economic news will result in the Bank of England’s target level for unemployment of 7% (before it will review changing Bank Rate) will be reached much sooner than the Bank’s initial view. However, this has been considered alongside the fact that the Bank has stressed that reaching a 7% unemployment rate is not a trigger for the first increase in Bank Rate, but the point at which a review of the Bank Rate will be considered.

- 2.3 Table 1 shows recent average investment rates available up to a duration of 12 months and reflects the lack of movement in rates since the start of this year. As bank rate remains low and with no expectation for any increases until 2016, investment rates are not expected to improve in 2013/14.

Table 1: Average Interest Rates 1 April 2013 to 31 December 2013

	<b>April 2013</b>	<b>June 2013</b>	<b>Sept 2013</b>	<b>Oct 2013</b>	<b>Nov 2013</b>	<b>Dec 2013</b>
<b>Base Rate (Bank Rate)</b>	0.50	0.50	0.50	0.50	0.50	0.50
<b>Over Night</b>	0.40	0.40	0.40	0.40	0.40	0.40
<b>7 Days</b>	0.40	0.40	0.40	0.40	0.40	0.40
<b>1 month</b>	0.40	0.40	0.40	0.40	0.40	0.40
<b>3 Months</b>	0.45	0.45	0.45	0.45	0.45	0.45
<b>6 Months</b>	0.55	0.55	0.55	0.65	0.65	0.60
<b>1 Year</b>	0.80	0.75	0.75	0.90	0.93	0.90

- 2.4 The Council's Treasury Advisors, Capita Asset Services provide a forecast for interest rates for both investments and PWLB borrowing as part of the Treasury Management Strategy. Table 2 shows the latest forecast, which is based on a moderate economic recovery and Monetary Policy Committee (MPC) views about inflation. There is a high level of uncertainty in all forecasts due to the factors involved and their sensitivity to each other.

Table 2: Forecast for Interest Rates December 2013

	<b>2013</b>	<b>2014</b>				<b>2015</b>			
	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Bank Rate</b>	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>5 Yr PWLB</b>	2.50	2.60	2.70	2.70	2.80	2.80	2.90	3.00	3.10
<b>10 Yr PWLB</b>	3.70	3.70	3.80	3.80	3.90	4.00	4.10	4.10	4.20
<b>25 Yr PWLB</b>	4.40	4.40	4.50	4.50	4.60	4.70	4.80	4.90	5.00
<b>50 yr PWLB</b>	4.40	4.40	4.50	4.60	4.70	4.80	4.90	5.00	5.10

### Annual Investment Strategy

- 2.5 The Annual Investment Strategy outlines the Council's investment priorities which are :
- ✚ Security of Capital and

## ✦ Liquidity of its investments

These priorities are consistent with those recommended by DCLG and CIPFA.

- 2.6 The Council aims to achieve optimum return on investments commensurate with these priorities. In the current economic climate officers are striving to achieve a balance of investments that will give at least an average of the budgeted level of return of 1.25% whilst minimising the ongoing risks within the banking sector.
- 2.7 The Council continues to invest in only highly credit rated institutions using the Capita suggested creditworthiness matrices which take information from all the credit ratings agencies. Officers can confirm that the Council has not breached its approved investment limits during the third quarter of the year (maximum £5m). Appendix A shows an analysis of Investments at 1 April, 30 June 2013, 30 September 2013 and 31 December 2013.
- 2.8 Despite interest rates remaining low the Council secured some deposits generating returns above the budget estimate, and cash available for investment is currently above estimate. These deposits have been placed with mainly other local authorities and government backed banks. The current forecast is that the Council will achieve interest income of £239k (£195k allocated to the General Fund; £44k to the Housing Revenue Account) a shortfall of £6k against the budget.
- 2.9 The average level of funds available for investment during the nine months to December was £23.25m, of which £12.44m was invested in fixed term deposits at an average of 1.64%. £10.81m was held in Money Market Funds and instant access deposit accounts. Investments held on instant access deposits earned an average of 0.60% while Money Market Funds returned an average rate of 0.38%. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme which has increased cash available to invest in the short term. The Council holds approximately £14.0m of core cash balances made up of earmarked reserves and capital receipts set aside to repay debt for investment purposes (i.e. funds available for more than one year).
- 2.10 The overall average rate to December of 1.1% is marginally below the benchmark of 1.25%. Officers have taken a cautious approach to the forecast for the average rate for the year, which due to the uncertainties in the market is expected to be 1.10% which is marginally below the benchmark. The forecast is kept under constant review. However, the Council's cash balances remain high which will support the interest earned budget as investment income rates remain low.

## **Borrowing**

- 2.14 It is a statutory duty for the Council to determine and keep under review its "Affordable Borrowing Limits". The Council's approved Prudential Indicators (affordable limits) were outlined in the Treasury Management Strategy Statement (TMSS). A list of the limits is shown at Appendix B. Officers can confirm that the Prudential Indicators were not breached during the first nine months of the year.
- 2.15 The TMSS indicated there was no need to take long term borrowing during 2013/14 to support the budgeted capital programme. The latest capital programme funding forecast 2013/14 to 2015/16 for both the General Fund and Housing Revenue Account does not currently include a borrowing requirement. However, both the Programme for Growth and Abbey Leisure Centre capital projects have been identified as schemes which may potentially require funding from borrowing. Any borrowing requirement will be confirmed as the project plans are finalised.
- 2.16 The Council approved an Authorised Borrowing Limit of £75.0m (£72m debt and £3m Leases) and an Operational Borrowing Limit of £71.0m (£68m debt and £3m Leases) for 2013/14. The highest total gross amount of debt in the year to 31 December has not been more than £66.6m on any occasion.
- 2.17 Internal capital borrowing (use of reserves and balances) to part fund the Council's Capital Financing Requirement was £2.1m at 31 March 2013. Over the next 3 years investment rates are expected to continue to be below long term borrowing rates. A value for money assessment would therefore indicate that value could be obtained by delaying new borrowing and continuing to use internal cash balances to finance capital expenditure.

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

### **3.1 Legal Issues**

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

### **3.2 Financial Issues**

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

#### **4. Conclusion**

- 4.1 The impact of the economy, and the turmoil in the financial markets, continues to have an impact on the Council's investment returns, forecast returns are therefore expected to be slightly below the benchmark for the year.

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

Treasury Management Strategy 2013/14

##### **Contact Details**

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##### **Appendices:**

Appendix A – Analysis of Deposits at 1 April 2013, 30 June 2013, 30 September 2013 & 31 December 2013  
Appendix B – Prudential Indicators as at 31 December 2013

**Analysis of Deposits At 1 April 2013, 30 June 2013, 30 September 2013 &  
31 December 2013**

Institution	At 1 April 2013			At 30 June 2013			At 30 September 2013			At 31 December 2013		
	Amount £'000	Maturity	Rate %	Amount £'000	Maturity	Rate %	Amount £'000	Maturity	Rate %	Amount £'000	Maturity	Rate %
Doncaster Council	1,000	24-May-13	1.40									
Fife Council	1,000	06-Jan-14	1.30	1,000	06-Jan-14	1.30	1,000	06-Jan-14	1.30	1,000	06-Jan-14	1.30
Lloyds TSB	3,000	16-Oct-13	2.25	3,000	16-Oct-13	2.25	3,000	16-Oct-13	2.25	3,000	16-Oct-14	0.98
Lloyds TSB	2,000	01-Aug-14	3.20	2,000	01-Aug-14	3.20	2,000	01-Aug-14	3.20	2,000	01-Aug-14	3.20
Nat West	1,000	09-Sep-13	1.28	1,000	09-Sep-13	1.28				1000	30-Sep-14	0.79
Nat West	1,000	15-Nov-13	1.50	1,000	15-Nov-13	1.50	1,000	15-Nov-13	1.50	1,000	14-Nov-14	0.78
Newcastle City Council	3,000	07-May-15	1.00	3,000	07-May-15	1.00	3,000	07-May-15	1.00	3,000	07-May-15	1.00
Newcastle City Council	1,000	28-Sep-15	1.00	1,000	28-Sep-15	1.00	1,000	28-Sep-15	1.00	1,000	28-Sep-15	1.00
North Lanarkshire	2,000	20-May-13	1.20									
Handelsbanken							3,000	Call	0.60	3,000	Call	0.60
Nat West				2,000	Call	0.70	2,000	Call	0.55	2,000	Call	0.55
Nat West	2,397	Call	0.60	729	Call	0.60	1,812	Call	0.50	795	Call	0.50
Money Market Fund - Ignis							3,750	Call	0.38	2,750	Call	0.39
Money Market Fund - Federated				5,000	Call	0.38						
Total Deposits	17,397			19,729			21,562			20,545		



**Prudential Indicators – As at 31 December 2013**

Note	Prudential Indicator	2013/14 Indicator	Quarter 2 Actual
1.	Mid Year Capital Financing Requirement £'000	61,674	60,408
	Gross Borrowing £'000	61,726	61,726
	Investments £'000	15,000	20,545
2.	Net Borrowing £'000	46,726	41,181
3.	Authorised Limit for External Debt £'000	75,000	75,000
4.	Operational Boundary for External Debt £'000	71,000	71,000
5.	Limit of fixed interest rates based on net debt %	100%	100%
5.	Limit of variable interest rates based on net debt %	30%	30%
6.	Principal sums invested for over 364 days		
	1 to 2 Years £'000	20,000	4,000
	2 to 3 Years £'000	15,000	0
	3 to 4 Years £'000	5,000	0
	4 to 5 Years £'000	5,000	0
7.	Maturity Structure of external debt borrowing limits		
	Under 12 Months %	20%	0%
	1 Year to 2 Years %	20%	0%
	2 Years to 5 Years %	50%	1.66%
	5 Years to 10 Years %	50%	10.77%
	10 Years to 15 Years %	50%	0%
	15 Years and above %	90%	87.57%

**Notes to the Prudential Indicators**

1. Capital Financing Requirement – this is a measure of the Council's underlying need to borrow long term to fund its capital projects.

## APPENDIX B

2. Net Borrowing (Gross Borrowing less Investments) – this must not except in the short term exceed the capital financing requirement.
3. Authorised Limit for External Debt – this is the maximum amount of borrowing the Council believes it would need to undertake its functions during the year. It is set above the Operational Limit to accommodate unusual or exceptional cashflow movements.
4. Operational Boundary for External Debt – this is set at the Council’s most likely operation level. Any breaches of this would be reported to Councillor’s immediately.
5. Limit of fixed and variable interest rates on net debt – this is to manage interest rate fluctuations to ensure that the Council does not over expose itself to variable rate debt.
6. Principal Sums Invested for over 364 days – the purpose of these limits is so that the Council contains its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of investments.
7. Maturity Structure of Borrowing Limits – the purpose of this is to ensure that the Council is not required to repay all of its debt in one year. The debt in the 15 years and over category is spread over a range of maturities from 23 years to 50 years.

# Selby District Council

## REPORT

Reference: E/13/49

Public – Item 6



**To:** The Executive  
**Date:** 6 February 2014  
**Status:** Key Decision  
**Report Published:** 29 January 2014  
**Author:** Karen Iveson, Executive Director (and s151)  
**Executive Member:** Councillor C Lunn – Lead Member for Finance and Resources  
**Lead Director:** Karen Iveson – Executive Director (s151)

**Title:** Revenue Budget and Capital Programme 2014/15 and Medium Term Financial Plan

**Summary:** This report presents the revenue budget and capital programme for 2014/15 to 2016/17. Subject to confirmation of the Formula Grant settlement, any further responses from the budget consultation and any changes proposed by the Executive, the 2014/15 General Fund budget shows a surplus of £89k (after planned savings and a drawdown of £164k from the Business Rates Equalisation Reserve). The HRA has a surplus of £1.01m that is to be transferred to the Major Repairs Reserve to repay debt or support the future capital programme. The report identifies a number of budget pressures and presents savings proposals for dealing with these pressures.

### Recommendations:

#### It is recommended that:

- i. Executive confirm their proposals for Council Tax Support Grant in relation to parish councils;
- ii. a Council Tax increase of 1.96% from £158.88 in 2013/14 to £162.00 in 2014/15 be submitted to Council for approval;
- iii. the budgets, bids and savings be submitted to Council for approval.

### Reasons for recommendation:

To ensure the Executive's budget proposals are fully funded for 2014/15.

## 1. Introduction and background

- 1.1 The Executive submitted its Financial Strategy proposals to full Council for approval on 10 December 2013. The MTFs covers General Fund activities and provides the strategic financial framework for medium term financial planning and annual budget setting.
- 1.2 The Housing Revenue Account (HRA) and Housing Investment Programme (HIP) are covered by the Housing Business Plan (HBP), which has been subject to a full review following the introduction of HRA self financing.
- 1.3 The MTFs assumes continuing cuts to Central Government formula funding as resources are top sliced to fund the New Homes Bonus scheme. It identifies the uncertainty surrounding the localisation of Non-Domestic Rates (NDR) and the need to deliver our savings plan as the key financial issues facing us over the next 3 years.
- 1.4 The budget has been prepared on a current policy basis and includes provision for inflation where considered necessary. There is provision for a 1% pay award in 2014/15 and 2015/16, and 2% for 2016/17. The General Fund revenue budget includes contingencies totalling £332k, £262k in the Core and £70k in Access Selby.

## 2. The Report

- 2.1 The revenue budgets for the 3 years from 2014/15 to 2016/17 are presented at **Appendix A** and the proposed capital programmes and Programme for Growth are shown at **Appendix B**.

### General Fund Revenue Budget

- 2.2 Taking the 3 elements of the Council's service delivery model together and after appropriations to and from reserves, the estimated position for 2014/15 is as follows:

	<b>2014/15 Budget £000's</b>
Core	4,744
Access Selby	6,142
Communities Selby	199
Transfer from Business Rates Equalisation Reserve	(164)
<b>Total Net Budget</b>	<b>10,921</b>
Council Tax	4,550
RSG/NDR	4,710
Special and Specific grants	115
New Homes Bonus	1,725
Council Tax Collection Fund Surplus*	74
Business Rates Collection Fund Deficit	(164)
<b>Total Funding</b>	<b>11,010</b>
<b>Net Surplus</b>	<b>(89)</b>

*\*Updated to reflect actual surplus to be paid*

- 2.3 The budget includes committed growth where necessary along with proposals for discretionary growth. **Appendix E** identifies the proposals for approval (both revenue and capital).
- 2.4 The budget for 2014/15 includes planned savings of £405k (£25k Core and £380k Access Selby).

#### Local Government Finance Settlement

- 2.5 The Finance Settlement for 2014/15 announced in December shows an improvement on the position forecast in the draft budget although it is expected that there will be a deficit on the Business Rates Collection Fund (the Council will reach its 'safety net') and therefore there will be a need to drawdown £164k from the Business Rates Equalisation Reserve.
- 2.6 The impacts of the Finance Settlement and anticipated shortfall in Business Rates income, on the draft budget proposals are:

	<b>Funding Change for 2014/15 £000</b>
Government Grant/BRR	21
New Homes Bonus	100
New Homes Bonus Returned Funding	8
S31 Grant re Business Rates	23
<b>Total change in funding</b>	<b>152</b>
<b>Business Rates Collection Fund Deficit</b>	<b>-164</b>
<b>Net decrease in funding over draft budget</b>	<b>-12</b>

#### Council Tax

- 2.7 Subject to the Government's final announcements on Council Tax, the Executive recommend that Council do not to take up the offer of Council Tax Freeze Grant for 2014/15 due to the increasing risk to the Council's financial position. The budget therefore assumes a maximum Council Tax increase of 1.96% to avoid the additional cost of a referendum (estimated at £105k), which is not considered to be in the interest of Council Tax payers.
- 2.8 A 1.96% increase will take the Council average Band D charge from £158.88 to £162.00 – a rise of 6p per week, which will reduce the Council Tax income included within the draft budget by £2k.
- 2.9 At this stage we await confirmation of the Internal Drainage Board Levies which may form part of the Council's 'Council Tax Requirement' calculation<sup>1</sup>. As such these could impact on the calculation of an 'excessive' Council Tax increase and may require us to make cuts to district council services or

<sup>1</sup> Local Audit and Accountability Bill [HL] 2013-14 awaiting royal assent

require a referendum if they take us over the 2% threshold.

- 2.10 In addition to Council tax income a surplus on the Council Tax Collection Fund is also anticipated to be received in 2014/15 – this surplus has increased by £35k (from £39k shown in the draft budget to £74k).

#### Council Tax Support

- 2.11 The budget proposals as presented do not include provision for the payment of grant to parish councils to compensate them for losses as a result of the Council Tax Support Scheme. Should the Executive wish to pay a grant to parish councils then a saving from the budget would need to be made.

#### Savings

- 2.12 A number of savings have already been identified as part of the budget process and the current savings action plans are attached at **Appendix C**.
- 2.13 Taking the proposals for Council Tax, growth, and reserve transfers it is estimated that, subject to confirmation of the Formula Grant settlement, £25k savings are planned in 2014/15 from the Council's Core budget. Access Selby's budget assumes savings of £380k will be achieved in 2014/15. Together these savings total £405k.
- 2.14 Beyond 2014/15 further grant cuts are expected and there remains much uncertainty surrounding the impact of localised NDR. The current savings plans anticipate some level of funding cut but a balanced and sustainable budget relies heavily upon all parts of the Council achieving their challenging savings targets.
- 2.15 The Council has made good progress against its savings target to date, but it is becoming increasingly difficult to achieve further savings from a reducing cost base. However, the focus on delivering planned savings must be maintained, given the importance of savings in achieving the Council's financial (and wider) objectives and to avoid the use of balances to support on-going spending which is unsustainable in the medium to longer term.
- 2.16 The Council's approach to savings covers three key strands:
- **Transforming** our business through the use of technology and flexible working to meet citizen and customer needs;
  - **Growing** our resources through charging for services and trading externally;
  - **Commissioning** from and with partners to achieve shared efficiencies and reduce the demand for public sector services.
- 2.17 In order to help implement this strategy the Council is working with North Yorkshire County Council on a long term plan to share service delivery for the benefit of our shared customers and taxpayers generally.
- 2.18 Work has started on this project and a shared Chief Executive/Assistant Chief Executive for Selby District Council/North Yorkshire County Council, is now in post.

- 2.19 However, such projects can take significant time and effort to bring to fruition so we will continue to work towards other savings in accordance with our strategy to ensure the Council's finances stay on a firm footing – plans include savings in the running costs of the new leisure centre in Selby.

#### Housing Revenue Account

- 2.20 The HRA budgets have been prepared using assumptions on rent rises based on the Government's formula – an average rent increase of 5.6% is proposed. The current rent restructuring model has been used for 2014/15, but there is uncertainty for following years as the Government is considering changes to the rent setting rules and the move to a formula based upon CPI instead of the current RPI model.
- 2.21 Again, taking the elements of the Council's service delivery model together, the estimated position for 2014/15 is shown below. Progress against the HRA savings action plan is ahead of target and therefore no further savings are expected for 2014/15, although opportunities for efficiencies will continue to be sought wherever possible.

	<b>2014/15 Budget £000's</b>
Core	7,042
Access Selby	4,231
<b>Total Net Budget</b>	<b>11,273</b>
Less Dwelling Rents	12,283
<b>Surplus / (deficit) transferred to Balances/MRR</b>	<b>1,010</b>

- 2.22 A surplus position is anticipated for 2014/15 which will be required to meet the capital programme. Future surpluses will be transferred to the Major Repairs Reserve to either repay debt or spend on the future HRA capital programme, including new build projects.

#### General Fund Capital Programme

- 2.23 The General Fund capital programme includes previously approved projects as well as new growth – a summary of the growth proposals are shown at **Appendix D(i)** and the capital programme is attached at **Appendix B(i)**.
- 2.24 There is no room for additional revenue contributions to support the capital programme and therefore it is restricted to available capital receipts, external grants and earmarked reserves. The following table presents a summary of the proposed programme:

Programme	2014/15 £000's	2015/16 £000's	2016/17 £000's
All Weather Pitch	250		
Grants & loans	330	330	330
ICT Replacement	203	186	325
Portholme Rd Culvert	150		
Telephony System	67		
Lifeline Equipment	180		30
Housing Development	300	1,250	1,250
<b>Total Programme</b>	<b>1,480</b>	<b>1,766</b>	<b>1,935</b>
<b>Funding</b>			
Capital Receipts	185	185	185
Grants	145	145	145
Reserves	850	186	355
Borrowing	300	1,250	1,250
<b>Total Funding</b>	<b>1,480</b>	<b>1,766</b>	<b>1,935</b>

- 2.25 Projects include Disabled Facilities Grants and ICT projects. The latter cover a range of replacement and new systems, hardware and infrastructure (including the Customer Relationship Management System and Mobile Working solution) – funding for ICT replacement projects and the Telephony system is covered by the ICT Replacement Reserve. Housing Development projects are those to be delivered via Selby and District Housing Trust in accordance with the Council's approved Housing Development Strategy.

#### Housing Investment Programme

- 2.26 The Housing Investment Programme includes a number of growth proposals to ensure our homes continue to meet the decency standard – a summary of these proposals are shown at **Appendix D(ii)** and the updated HIP is at **Appendix B(ii)**. The following table presents a summary of the programme:

Programme	2014/15 £000's	2015/16 £000's	2016/17 £000's
Central heating	947	1,007	650
Electrical works	260	260	260
Roof replacements	350	210	0
Doors and windows	161	247	163
Kitchens	237	237	237
Bathrooms		180	180
Airey properties	1,722	0	0
Damp works	300	300	300
Pointing	0	300	300
New Build Programme	300	1,250	1,250
Other	54	54	54
<b>Total Programme</b>	<b>4,331</b>	<b>4,045</b>	<b>3,394</b>
<b>Funding</b>			
Revenue Contributions	3,502	2,795	2,144
Major Repairs Reserve	529		
Borrowing	300	1,250	1,250
<b>Major repairs reserve</b>	<b>4,331</b>	<b>4,045</b>	<b>3,394</b>



### Programme for Growth

- 2.27 The 'Programme for Growth' is the Council's strategic programme to support delivery of its Corporate Plan. The programme comprises a range of cross cutting projects designed to 'build a stronger Selby district' by investing in jobs; housing and infrastructure; retail; and the leisure economy.
- 2.28 The programme is funded largely by New Homes Bonus (up to £880k p.a.) and unallocated capital receipts. The detailed programme is set out at **Appendix B(iii)** and a summary of the programme shows:

<b>Programme for Growth</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>
Balance brought forward	879	243	155
Special projects reserve - revenue	880	0	0
Special projects reserve - capital	773	0	0
External Grant	2,032		0
Insurance Claim	1,100	0	0
Less Project spend	(5,421)	(88)	(30)
<b>Balance carried forward</b>	<b>243</b>	<b>155</b>	<b>125</b>

- 2.29 It should be noted that the original programme funds include estimated capital receipts of £1m in 2014/15 which may not be realised. To help mitigate this risk £227k has been allocated from the 2012/13 revenue budget surplus and other small capital balances have been allocated to the programme, although this still leaves £541k capital funding at risk.
- 2.30 The risk to capital receipts has been identified as part of the programme's outline business brief and the potential for prudential borrowing has been recognised. There may also be further potential to mitigate the risk by allocating other funds to the programme and a review will be conducted as part of the refresh of the Medium Term Financial Strategy in 2014/15.

### Reserves

- 2.31 The Council has a robust reserves strategy which is reviewed annually as part of the refresh of the MTFs. A forecast of reserve balances based on the MTFs assumptions and budget, is set out at **Appendix E**. Budgeted appropriations to and from General Fund reserves for 2014/15 (including capital/programme for growth financing) are:

<b>Transfers to General Fund Reserves:</b>	<b>£000's</b>
Building Repairs	130
ICT Replacement - GF	150
- HRA	50
PFI	386
Pension Equalisation	186
District Election	30
Spend to Save	119
Special Projects - Revenue	880
<b>Transfers from General Fund Reserves:</b>	<b>£000's</b>
PFI	(391)
ICT Replacement	(270)
Special Projects – (PFG)	(1,682)
Special Projects – (Non - PFG)	(150)
Building Repairs	(93)
Access Selby Reserve	(288)
Business Rates Equalisation	(164)
<b>Net Appropriations from Reserves</b>	<b>(1,107)</b>

2.32 Overall the Council's General Fund reserves are expected to reduce by £1.1m in 2014/15, to £8.2m - analysed as funds for:

- Future commitments - £3.8m
- Growth and improvement - £1.0m
- Financial risk - £3.4m
- Other - £0.03m

2.33 The HRA reserves are General Balances and the Major Repairs Reserve (MRR). The overall estimated surplus of £1.01m on the HRA for 2014/15 will be transferred to the MRR. The HRA capital programme will require £4.031m from the MRR in 2014/15.

#### Budget Risk Assessment

2.34 **Appendix F** provides a risk assessment of the Council's major budgets covering the Core, Access Selby and Communities Selby. The continuing turmoil in the wider economy, cuts to public sector funding and the volatility within the funding regime, mean greater financial risk for the Council. Areas that are particularly high risk are central government funding, income generation (for example planning fees) and savings.

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

#### Consultation

2.36 The draft budget proposals have been considered by the Policy Review Committee and open to public consultation. The relevant minutes of Policy Review are attached at **Appendix G**.

2.37 At the time of writing this report, ten responses have been received from the consultation exercise – all comments relate to the Council Tax Support Grant for parish councils and associated issues.

2.38 Any further responses will be circulated at the meeting.

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

#### **3.1 Legal Issues**

3.1.1 None as a result of this report.

#### **3.2 Financial Issues**

3.2.1 As set out in the report

### **4. Conclusions**

4.1 The General Fund revenue budget for 2014/15 shows a surplus of £89k, assumes a Council Tax rise of 1.96% and in total includes 'one-off' support from General Balances of £108k (Access Selby) along with savings of £405k (Core £25k and Access Selby £380k). Thereafter further savings of £665k (Core £327k and Access Selby £338k) are planned given our assumptions on central Government funding.

4.2 Significant changes to rateable values of the power stations in Selby District are likely to mean that we will not meet our target for Business Rates Retention and will have a deficit on our Business rates Collection Fund in 2014/15 and will require a draw-down of £164k from the Business Rates Equalisation Reserve - a risk that could continue into the future.

4.3 There remain a number of issues outstanding in relation to Council Tax and Internal Drainage Board Levies which could impact on the Executive's recommendation on Council Tax rises for 2014/15.

4.4 The budget proposals do not include provision for the payment of grant to parish councils to compensate them for losses as a result of the Council Tax Support Scheme. Should the Executive wish to pay a grant to parish councils then a saving from the budget would need to be made.

4.5 The on-going risk to Local Government funding and future rising demand for services, mean that additional savings will be sought wherever possible. This will be vital to ensure that the Council maintains its financial resilience and continues to deliver or enable the essential services that people need.

#### **Contact Details:**

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**Appendices:**

- A – Revenue estimates
- B – Capital programmes and ‘Programme for Growth’
- C – Savings action plans
- D – Growth bids
- E – Reserves
- F – Budget risk assessment
- G – Policy Review minutes 14 January 2014

## GENERAL FUND SUMMARY 2014/15 - 2016/17

	Total Budget			Access Selby			Core			Communities Selby		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
	Original	Original	Original	Original	Original	Original	Original	Original	Original	Original	Original	Original
	£	£	£	£	£	£	£	£	£	£	£	£
Access Selby	9,286,900	9,353,277	9,500,814	9,286,900	9,353,277	9,500,814						
Core	3,199,960	3,258,600	3,340,680				3,199,960	3,258,600	3,340,680			
Communities Selby	198,930	198,930	198,930							198,930	198,930	198,930
Capital Charges	509,520	459,140	378,360				509,520	459,140	378,360			
<b>Sub-total Gross Budgets</b>	<b>13,195,310</b>	<b>13,269,947</b>	<b>13,418,784</b>	<b>9,286,900</b>	<b>9,353,277</b>	<b>9,500,814</b>	<b>3,709,480</b>	<b>3,717,740</b>	<b>3,719,040</b>	<b>198,930</b>	<b>198,930</b>	<b>198,930</b>
CEC Charged to HRA	(2,824,100)	(2,848,380)	(2,874,780)	(2,587,850)	(2,610,040)	(2,634,610)	(236,250)	(238,340)	(240,170)	0	0	
<b>Net Budget after CEC Adjustments</b>	<b>10,371,210</b>	<b>10,421,567</b>	<b>10,544,004</b>	<b>6,699,050</b>	<b>6,743,237</b>	<b>6,866,204</b>	<b>3,473,230</b>	<b>3,479,400</b>	<b>3,478,870</b>	<b>198,930</b>	<b>198,930</b>	<b>198,930</b>
Procurement Savings to be Identified	(52,784)	(51,002)	(50,439)	(52,784)	(51,002)	(50,439)						
Further savings in progress	(286,400)	(605,975)	(624,359)	(261,400)	(580,975)	(599,359)	(25,000)	(25,000)	(25,000)			
<b>Net Service Budget</b>	<b>10,032,026</b>	<b>9,764,590</b>	<b>9,869,206</b>	<b>6,384,866</b>	<b>6,111,260</b>	<b>6,216,406</b>	<b>3,448,230</b>	<b>3,454,400</b>	<b>3,453,870</b>	<b>198,930</b>	<b>198,930</b>	<b>198,930</b>
Investment Income	(250,000)	(280,000)	(300,000)				(250,000)	(280,000)	(300,000)			
External Interest	112,100	112,100	112,100				112,100	112,100	112,100			
Parish CTS Grant	0	0	0				0	0	0			
Capital A/c Adjustment MRP Charge	190,310	187,310	184,430				190,310	187,310	184,430			
Capital A/c Adjustment DFG & Conservation Grants	(205,000)	(205,000)	(155,000)	(205,000)	(205,000)	(155,000)						
Capital A/c Adjustment Capital Chgs	(509,520)	(459,140)	(378,360)				(509,520)	(459,140)	(378,360)			
Programme for Growth Projects	1,519,450	162,920	0				1,519,450	162,920	0			
Building Repairs Projects	93,000	0	0				93,000	0	0			
ICT Projects	230,000	100,000	0				230,000	100,000	0			
District Election	0	120,000	0				0	120,000	0			
Contingencies	332,000	338,000	338,000	70,000	70,000	70,000	262,000	268,000	268,000			
<b>Net Budget before contribution to/(from) Reserves*</b>	<b>11,544,366</b>	<b>9,840,780</b>	<b>9,670,376</b>	<b>6,249,866</b>	<b>5,976,260</b>	<b>6,131,406</b>	<b>5,095,570</b>	<b>3,665,590</b>	<b>3,340,040</b>	<b>198,930</b>	<b>198,930</b>	<b>198,930</b>
<b>Contribution To Reserves</b>												
Building Repairs	130,000	130,000	130,000				130,000	130,000	130,000			
ICT	150,000	150,000	150,000				150,000	150,000	150,000			
PFI	386,020	394,000	401,920				386,020	394,000	401,920			
Pension Equalisation Reserve	186,120	181,110	182,820				186,120	181,110	182,820			
District Election	30,000	30,000	34,000				30,000	30,000	34,000			
Spend To Save	119,000	119,000	0				119,000	119,000	0			
Special Projects (Programme for Growth)	880,000	880,000	880,000				880,000	880,000	880,000			
Access Selby Reserves	0	163,670	203,024		163,670	203,024						
<b>Contribution From Reserves</b>												
Access Selby Reserves	(107,626)	0	0	(107,626)								
ICT	(230,000)	(100,000)	0				(230,000)	(100,000)	0			
PFI	(390,560)	(402,280)	(414,340)				(390,560)	(402,280)	(414,340)			
Building Repairs	(93,000)	0	0				(93,000)	0	0			
Special Projects (Programme for Growth)	(1,519,450)	(162,920)	0				(1,519,450)	(162,920)	0			
Business Rates Equalisation	(164,000)	0	0				(164,000)	0	0			
Spend To Save	0	0	0									
District Election	0	(120,000)	0					(120,000)	0			
<b>NET REVENUE BUDGET</b>	<b>10,920,870</b>	<b>11,103,360</b>	<b>11,237,800</b>	<b>6,142,240</b>	<b>6,139,930</b>	<b>6,334,430</b>	<b>4,579,700</b>	<b>4,764,500</b>	<b>4,704,440</b>	<b>198,930</b>	<b>198,930</b>	<b>198,930</b>
Grant NDR/RSG	(4,709,580)	(3,984,280)	(3,585,850)									
New Homes Bonus	(1,725,110)	(2,113,000)	(2,496,000)									
Special and Specific Grants*	(115,000)	-	-									
<b>Amount to be met from Ctax</b>	<b>4,371,180</b>	<b>5,006,080</b>	<b>5,155,950</b>									
<b>Ctax Requirement</b>												
Ctax to be levied	(4,550,123)	(4,687,556)	(4,829,330)									
Council Tax Collection Fund Deficit/(Surplus)	(73,596)											
Business Rates Collection Fund Deficit/(Surplus)	164,000											
<b>Shortfall / (surplus)</b>	<b>(88,539)</b>	<b>318,524</b>	<b>326,620</b>									
C Tax Base	28,089	28,370	28,654									
Council Tax Rate	162.00	165.24	168.54									

## Notes

\*Special and specific grants 14/15 include: Community Right to Bid £8k; Community Right to Challenge £9k; CTS New Burdens £67k; S31 Grant re Business Rates £23k; Returned NHB Funding £8k.

2012/2013 ACTUAL	CORE (GENERAL FUND) SUBJECTIVE SUMMARY	2013/2014 REVISED ESTIMATE	2014/2015 BUDGET	2015/2016 BUDGET	2016/2017 BUDGET
	<b><u>Income</u></b>				
-2,000	Other Grants/Contributions Etc	0	0	0	0
-1,280,287	Customer & Client Receipts	-3,340	-3,340	-3,340	-3,340
-280,517	CEC Recharge Income	-489,130	-343,963	-346,643	-348,973
-24,670	Other Recharges	-38,190	-23,530	-23,530	-23,530
0	Contribution From Reserves	0	0	0	0
<b>-1,587,474</b>	<b>Total Income</b>	<b>-530,660</b>	<b>-370,833</b>	<b>-373,513</b>	<b>-375,843</b>
	<b><u>Expenditure</u></b>				
1,035,762	Employees	1,166,350	1,079,030	1,112,510	1,139,010
52,373	Premises	2,340	10,740	10,980	11,230
11,718	Transport	14,870	14,870	14,870	14,870
730,443	Supplies And Services	676,045	540,140	510,140	510,140
30,954	Third Party Payments	47,330	19,000	19,000	19,000
1,460,911	Drainage Board Levy	1,503,280	1,563,050	1,617,970	1,673,300
0	Benefit Payments	0	0	0	0
1,128,475	Support Services	745,850	857,630	864,690	872,390
<b>4,450,635</b>	<b>Total Expenditure</b>	<b>4,156,065</b>	<b>4,084,460</b>	<b>4,150,160</b>	<b>4,239,940</b>
<b>2,863,162</b>	<b>Net Expenditure</b>	<b>3,625,405</b>	<b>3,713,627</b>	<b>3,776,647</b>	<b>3,864,097</b>
847,957	Net CEC's	256,720	513,667	518,047	523,417
<b>2,015,204</b>	<b>Total for GF Summary</b>	<b>3,368,685</b>	<b>3,199,960</b>	<b>3,258,600</b>	<b>3,340,680</b>

2012/2013 ACTUAL	CORE (GENERAL FUND) OBJECTIVE SUMMARY	2013/2014 REVISED ESTIMATE	2014/2015 BUDGET	2015/2016 BUDGET	2016/2017 BUDGET
£		£	£	£	£
3,791,230	Core	2,596,715	2,709,847	2,796,907	2,878,327
1,179,786	Democratic Services	1,028,690	1,003,780	979,740	985,770
<b>4,971,016</b>	<b>Net Expenditure</b>	<b>3,625,405</b>	<b>3,713,627</b>	<b>3,776,647</b>	<b>3,864,097</b>
847,957	Net CEC's	256,720	513,667	518,047	523,417
<b>4,123,059</b>	<b>Total for GF Summary</b>	<b>3,368,685</b>	<b>3,199,960</b>	<b>3,258,600</b>	<b>3,340,680</b>

ACCESS SELBY (GENERAL FUND)		2013/2014	2014/2015	2015/2016	2016/2017
2012/2013	SUBJECTIVE SUMMARY	REVISED	BUDGET	BUDGET	BUDGET
ACTUAL		ESTIMATE			
£		£	£	£	£
	<b>Income</b>				
-682,105	Government Grants	-575,470	-575,470	-575,470	-575,470
-21,704,198	Benefits Subsidy	-17,156,060	-17,452,417	-17,794,457	-18,143,337
-36,564	Other Grants/Contributions Etc	-4,630	0	0	0
-3,454,988	Customer & Client Receipts	-3,412,550	-3,451,020	-3,476,610	-3,508,365
-3,734,639	CEC Recharge Income	-3,348,430	-3,468,930	-3,498,410	-3,530,920
-307,424	Recharges	-284,350	-262,470	-262,470	-262,470
	Contribution From Reserves				
<b>-29,919,918</b>	<b>Total Income</b>	<b>-24,781,490</b>	<b>-25,210,307</b>	<b>-25,607,417</b>	<b>-26,020,562</b>
	<b>Expenditure</b>				
5,420,013	Employees	5,663,910	5,728,270	5,787,803	5,844,880
665,832	Premises	719,054	711,216	730,350	750,350
136,432	Transport	112,610	130,501	130,501	130,916
5,601,815	Supplies And Services	7,100,238	6,520,190	6,522,330	6,612,630
167,709	Third Party Payments	479,110	317,640	327,340	337,350
21,370,155	Benefit Payments	16,905,221	17,227,900	17,571,400	17,921,770
392,268	Supporting People Charges	371,560	392,560	392,560	392,560
148,070	Support Services	166,820	119,960	120,560	121,140
<b>33,902,293</b>	<b>Total Expenditure</b>	<b>31,518,523</b>	<b>31,148,237</b>	<b>31,582,844</b>	<b>32,111,596</b>
<b>3,982,375</b>	<b>Net Expenditure</b>	<b>6,737,033</b>	<b>5,937,930</b>	<b>5,975,427</b>	<b>6,091,034</b>
	Net CEC Income	-3,181,610	-3,348,970	-3,377,850	-3,409,780
	<b>Total For GF Summary</b>	<b>9,918,643</b>	<b>9,286,900</b>	<b>9,353,277</b>	<b>9,500,814</b>

Future estimates for Access Selby income show there is a lack of growth and inflationary price increases expected in the next few years, amongst several of the major sources of income. These being Car Park income, Trade Waste and Planning. In addition, anticipated income from Property rentals that formed part of the 13/14 budget estimates have not been realised due to external factors such as Olympia Park. It is also anticipated that there will be a 10% cut in Housing Benefits Admin subsidy from 14/15.

Delays in the Mobile working and CRM projects have resulted in expected efficiencies being delayed until 2015/16.

Commitments for costs relating to unused assets that were earmarked for rental have been built into the base (linked to the comment on income), along with utility costs that are predicted to rise above estimated levels of inflation, and an increase in the Building Control contract.



<b>ACCESS SELBY (GENERAL FUND)</b>					
<b>2012/2013</b>	<b>OBJECTIVE SUMMARY</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>
<b>ACTUAL</b>		<b>REVISED</b>	<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>
		<b>ESTIMATE</b>			
<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	<b><u>Lead Officer</u></b>				
-24,190	Access Selby Management Team	157,970	-700	-710	-760
-628,887	Assets	-259,706	-244,364	-239,270	-239,390
825,903	Benefits & Taxation	990,930	946,893	958,013	973,421
27,189	Business Support	-18,440	23,980	24,400	25,500
-57,055	Community Support	76,720	-24,889	-17,957	-20,264
2,787,495	Contracts	3,828,740	3,540,060	3,660,850	3,785,630
-7,387	Data & Systems	-111,230	3,690	3,710	3,670
-10,910	Debt Control	-1,580	-910	-960	-979
-190,340	Enforcement	306,634	286,050	287,590	238,940
-19,085	Finance	12,290	8,540	8,431	8,370
629,440	Health & Housing	688,936	748,430	766,540	783,510
-1,867	Human Resources	13,030	-450	-460	-470
-6,502	Legal	70	-450	-1,170	-1,694
-3,491	Marketing & Communications	8,310	-8,500	-8,500	-8,520
561,739	Planning	487,119	446,590	454,940	464,030
111,213	Policy	553,170	213,500	79,550	79,580
-10,890	Transformation	4,070	460	430	460
<b>3,982,375</b>	<b>Net Expenditure</b>	<b>6,737,033</b>	<b>5,937,930</b>	<b>5,975,427</b>	<b>6,091,034</b>
	Net CEC Income	-3,181,610	-3,348,970	-3,377,850	-3,409,780
	<b>Total for GF Summary</b>	<b>9,918,643</b>	<b>9,286,900</b>	<b>9,353,277</b>	<b>9,500,814</b>

2012/2013 ACTUAL	COMMUNITIES SELBY SUBJECTIVE SUMMARY	2013/2014 REVISED ESTIMATE	2014/2015 BUDGET	2015/2016 BUDGET	2016/2017 BUDGET
	<b><u>Income</u></b>				
-25,298	Customer & Client Receipts				
-104,623	CEC Recharge Income	-16,130	-30,050	-30,240	-30,470
<b>-129,921</b>	<b>Total Income</b>	<b>-16,130</b>	<b>-30,050</b>	<b>-30,240</b>	<b>-30,470</b>
	<b><u>Expenditure</u></b>				
135,613	Employees				
1,197	Premises				
4,042	Transport	6,250	6,250	6,250	6,250
244,034	Supplies And Services	288,520	192,680	192,680	192,680
38,752	Support Services	36,230	49,350	49,770	50,150
<b>423,637</b>	<b>Total Expenditure</b>	<b>331,000</b>	<b>248,280</b>	<b>248,700</b>	<b>249,080</b>
<b>293,716</b>	<b>Net Expenditure</b>	<b>314,870</b>	<b>218,230</b>	<b>218,460</b>	<b>218,610</b>
-65,872	Net CEC's	20,100	19,300	19,530	19,680
<b>359,588</b>	<b>Total for GF Summary</b>	<b>294,770</b>	<b>198,930</b>	<b>198,930</b>	<b>198,930</b>

2012/2013 ACTUAL	COMMUNITIES SELBY OBJECTIVE SUMMARY	2013/2014 REVISED ESTIMATE	2014/2015 BUDGET	2015/2016 BUDGET	2016/2017 BUDGET
£		£      £	£	£	£
301,712	Community Selby	314,870	218,230	218,460	218,610
<b>301,712</b>	<b>Net Expenditure</b>	<b>314,870</b>	<b>218,230</b>	<b>218,460</b>	<b>218,610</b>
-65,872	Net CEC's	20,100	19,300	19,530	19,680
<b>367,584</b>	<b>Total for GF Summary</b>	<b>294,770</b>	<b>198,930</b>	<b>198,930</b>	<b>198,930</b>

## HOUSING REVENUE ACCOUNT SUMMARY 2014/15 to 2016/17

	Total Budget			Access Selby Budget			Core Budget		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
	Original	Original	Original	Original	Original	Original	Original	Original	Original
	£	£	£	£	£	£	£	£	£
Net Service Costs	1,755,860	1,769,910	1,773,200	1,750,860	1,764,910	1,768,200	5,000	5,000	5,000
Non-Dwelling Rents (Garages)	(121,300)	(124,700)	(128,190)	(121,300)	(124,700)	(128,190)			
Capital Charges	1,351,750	1,377,240	1,372,290				1,351,750	1,377,240	1,372,290
<b>Sub-total Gross Budgets</b>	<b>2,986,310</b>	<b>3,022,450</b>	<b>3,017,300</b>	<b>1,629,560</b>	<b>1,640,210</b>	<b>1,640,010</b>	<b>1,356,750</b>	<b>1,382,240</b>	<b>1,377,290</b>
CEC Recharges from GF	2,824,100	2,848,380	2,874,780	2,587,850	2,610,040	2,634,610	236,250	238,340	240,170
<b>Net Budget after CEC Adjustments</b>	<b>5,810,410</b>	<b>5,870,830</b>	<b>5,892,080</b>	<b>4,217,410</b>	<b>4,250,250</b>	<b>4,274,620</b>	<b>1,593,000</b>	<b>1,620,580</b>	<b>1,617,460</b>
Procurement Savings to be Identified	-	-	-	-	-	-	-	-	-
<b>Net Service Budget</b>	<b>5,810,410</b>	<b>5,870,830</b>	<b>5,892,080</b>	<b>4,217,410</b>	<b>4,250,250</b>	<b>4,274,620</b>	<b>1,593,000</b>	<b>1,620,580</b>	<b>1,617,460</b>
Investment Income	(40,000)	(40,000)	(40,000)				(40,000)	(40,000)	(40,000)
HRA Debt - Payment of Interest	2,637,930	2,637,930	2,637,930				2,637,930	2,637,930	2,637,930
Pension - Past Service Costs	189,720	200,090	208,280				189,720	200,090	208,280
<b>Net Budget before contribution to/(from) Reserves</b>	<b>8,598,060</b>	<b>8,668,850</b>	<b>8,698,290</b>	<b>4,217,410</b>	<b>4,250,250</b>	<b>4,274,620</b>	<b>4,380,650</b>	<b>4,418,600</b>	<b>4,423,670</b>
<b>Contribution To Reserves</b>									
Comp Development Cont	50,000	50,000	50,000				50,000	50,000	50,000
Access Selby Reserves (from) / to	13,700	18,320	32,410	13,700	18,320	32,410			
<b>Major Repairs Reserve</b>									
Revenue Contribution to Capital Programme	1,681,790	1,377,240	1,372,290				1,681,790	1,377,240	1,372,290
HRA Debt - MRR Principal	929,960	1,590,040	1,260,000				929,960	1,590,040	1,260,000
<b>NET REVENUE BUDGET</b>	<b>11,273,510</b>	<b>11,704,450</b>	<b>11,412,990</b>	<b>4,231,110</b>	<b>4,268,570</b>	<b>4,307,030</b>	<b>7,042,400</b>	<b>7,435,880</b>	<b>7,105,960</b>
Dwelling Rents	(12,283,090)	(12,697,000)	(13,167,000)				(12,283,090)	(12,697,000)	(13,167,000)
Payable to / (from) Core	-	-	-	(4,231,110)	(4,268,570)	(4,307,030)	4,231,110	4,268,570	4,307,030
<b>Shortfall / (surplus)</b>	<b>(1,009,580)</b>	<b>(992,550)</b>	<b>(1,754,010)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,009,580)</b>	<b>(992,550)</b>	<b>(1,754,010)</b>
<b>Contribution To/ (From) HRA Reserves (MRR)</b>	<b>1,009,580</b>	<b>992,550</b>	<b>1,754,010</b>				<b>(1,009,580)</b>	<b>(992,550)</b>	<b>(1,754,010)</b>
<b>Opening HRA Balance</b>	<b>1,691,731</b>	<b>1,705,431</b>	<b>1,723,751</b>	<b>504,000</b>	<b>517,700</b>	<b>536,020</b>	<b>1,187,731</b>	<b>1,187,731</b>	<b>1,187,731</b>
<b>Contribution To / (From ) HRA</b>	<b>13,700</b>	<b>18,320</b>	<b>32,410</b>	<b>13,700</b>	<b>18,320</b>	<b>32,410</b>			
<b>Closing Balance</b>	<b>1,705,431</b>	<b>1,723,751</b>	<b>1,756,161</b>	<b>517,700</b>	<b>536,020</b>	<b>568,430</b>	<b>1,187,731</b>	<b>1,187,731</b>	<b>1,187,731</b>

2012/2013 ACTUAL	ACCESS SELBY (HRA) SUBJECTIVE SUMMARY	2013/2014 REVISED ESTIMATE	2014/2015 BUDGET	2015/2016 BUDGET	2016/2017 BUDGET
£000's		£000's	£000's	£000's	£000's
	<b>Income</b>				
-124,266	Customer & Client Receipts	-118,400	-118,400	-118,400	-118,400
-459,083	Recharges	-391,560	-410,560	-410,560	-410,560
-122,423	Garage Rents	-122,900	-121,300	-124,700	-128,190
<u>-705,772</u>	<b>Total Income</b>	<u>-632,860</u>	<u>-650,260</u>	<u>-653,660</u>	<u>-657,150</u>
	<b>Expenditure</b>				
61,574	Employees	67,180	93,720	89,680	76,260
621,833	Premises	855,720	813,480	827,900	840,880
125,020	Transport	131,560	132,560	134,220	135,960
1,122,103	Supplies And Services	1,310,960	1,240,060	1,242,070	1,244,060
2,647,580	Support Services	2,586,150	2,587,850	2,610,040	2,634,610
<u>4,578,109</u>	<b>Total Expenditure</b>	<u>4,951,570</u>	<u>4,867,670</u>	<u>4,903,910</u>	<u>4,931,770</u>
<u>3,872,337</u>	<b>Net Expenditure</b>	<u>4,318,710</u>	<u>4,217,410</u>	<u>4,250,250</u>	<u>4,274,620</u>

An inflationary increase has been added to garage rents based on current levels, the full impact of potential rent losses are not yet known from sites being developed for housing.

Numerous savings have been identified within premises and supplies and services including gutter and footpath works, electrical testing, Audit fees and GF contributions for External Audit and pension charges for old schemes.

2012/2013 ACTUAL	ACCESS SELBY (HRA) OBJECTIVE SUMMARY	2013/2014 REVISED ESTIMATE	2014/2015 BUDGET	2015/2016 BUDGET	2016/2017 BUDGET
£000's		£000's	£000's	£000's	£000's
	<b><u>Lead Officer</u></b>				
49,486	Access Selby Management Team	40,580	64,610	60,330	46,690
3,441,403	Assets	3,713,645	3,579,940	3,601,920	3,627,980
11,381	Business Support	15,090	18,750	18,890	19,040
333,701	Community Support	413,505	416,240	428,510	438,150
77,913	Contracts	101,440	104,160	106,960	109,850
0	Debt Control	1,300	1,300	1,300	1,300
10,422	Enforcement	15,000	15,000	15,000	15,000
70,451	Health & Housing	141,050	138,710	142,040	144,800
3	Old Trading Units	0	0	0	0
-122,423	Garage Rents	-122,900	-121,300	-124,700	-128,190
<b><u>3,872,337</u></b>	<b>Net Expenditure</b>	<b><u>4,318,710</u></b>	<b><u>4,217,410</u></b>	<b><u>4,250,250</u></b>	<b><u>4,274,620</u></b>

## Appendix B (i)

### 2013/14 – 2016/17 GENERAL FUND CAPITAL PROGRAMME

	Current Programme 2013/14 £	Estimated Programme 2014/15 £	Estimated Programme 2015/16 £	Estimated Programme 2016/17 £
<b><u>PROJECTS</u></b>				
Asset Management Plan Leisure Centres & Park	20,500			
Tadcaster Central Area	250,690			
Road Adoption - Industrial Units Sherburn	25,000			
All weather sports pitch		250,000		
Mast Relocation	145,210			
CCTV	23,600			
Telephony System (Subject to bid)		67,000		
Collapsed Culvert - Portholme Road (Subject to bid)		150,000		
Lifeline Equipment (Subject to bid)		180,000		30,000
Housing Development		300,000	1,250,000	1,250,000
<u>Grants</u>				
Disabled Facilities Grants	350,000	300,000	300,000	300,000
Repair Assistance Loans (Subject to bid)	35,800	30,000	30,000	30,000
Energy & Efficiency Grants	13,640			
<u>ICT Hardware &amp; Systems Within ICT Strategy</u>				
Implementation & Infrastructure Costs	284,190	75,000	55,000	307,000
Desktop Replacement Programme	15,000	17,500	17,500	17,500
CRM		55,385		
Mobile Working Solution		55,000	113,800	
<b>TOTAL</b>	<b>1,163,630</b>	<b>1,479,885</b>	<b>1,766,300</b>	<b>1,934,500</b>
<b><u>SUMMARY OF FUNDING</u></b>				
Capital Receipts	249,720	185,000	185,000	185,000
Grants & Contributions	149,720	145,000	145,000	145,000
Revenue				0
Reserves	764,190	849,885	186,300	354,500
Borrowing	0	300,000	1,250,000	1,250,000
<b>TOTAL</b>	<b>1,163,630</b>	<b>1,479,885</b>	<b>1,766,300</b>	<b>1,934,500</b>

**2013/14 – 2016/17 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME**

<b><u>PROJECTS</u></b>	Current Programme 2013/14 £	Estimated Programme 2014/15 £	Estimated Programme 2015/16 £	Estimated Programme 2016/17 £
<b><u>PROJECTS</u></b>				
<u>Current Projects</u>				
Electrical Rewires	260,000	260,000	260,000	260,000
Central Heating - Gas	1,012,840	575,480	575,480	575,480
Central Heating - Solid Fuel to Gas	99,000			
Central Heating - Solid Fuel	250,000	-	232,500	75,000
Roof Replacements	560,000	350,000	210,000	
Damp Surveys & Works	300,000	300,000	300,000	300,000
Door Replacements	145,510	48,000	134,000	50,000
Kitchen Replacements	353,570	237,000	237,000	237,000
Pre Paint & Cyclical Repairs	150,990	113,000	113,000	113,000
Fencing	17,990			
<u>New Projects</u>				
Window Replacements	30,450			
Void Property Repairs	51,750	53,500	53,500	53,500
Additional External Door Replacements	15,500			
Additional Pre Paint & Cyclical Repairs	34,000			
Central Heating - Economy 7 to Gas	573,000	372,000	200,000	
Airey Properties	486,980	1,722,000		
Bathroom Replacements			180,000	180,000
Pointing Works (Subject to bid)			300,000	300,000
New Build Projects		300,000	1,250,000	1,250,000
<b>TOTAL</b>	<b>4,341,580</b>	<b>4,330,980</b>	<b>4,045,480</b>	<b>3,393,980</b>

**SUMMARY OF FUNDING**

Revenue Contributions	2,088,150	2,150,350	1,418,240	771,690
Other Contributions (Depreciation Proxy)	1,358,740	1,351,750	1,377,240	1,372,290
Major Repairs Reserve	894,690	528,880		
Borrowing		300,000	1,250,000	1,250,000
<b>TOTAL</b>	<b>4,341,580</b>	<b>4,330,980</b>	<b>4,045,480</b>	<b>3,393,980</b>



Programme for Growth

Appendix B(iii)

Project	Allocations		Assumed Spend Profile					Comments
	Capital	Revenue	Actual	Estimate	Estimate	Estimate	Estimate	
	£	£	12/13	13/14	14/15	15/16	16/17	
Programme Management		93,333	3,011	40,000	40,000	10,322	-	
Housing Trust	-	180,000	3,600	33,900	30,000	30,000	30,000	Development Support to the Trust of £30k p.a. for 5 years from January 2014
Housing Policy Reviews	-	20,000		5,000	15,000	-	-	
Empty homes	100,000	26,000	-	31,500	63,000	31,500	-	
43 Kirkgate	-	3,540	-	3,540	-	-	-	
Environment - infrastructure review	-	20,000	-	20,000	-	-	-	
Environment - policy reviews	-	20,000	-	20,000	-	-	-	
Environment - Masterplan	-	50,000	-	50,000	-	-	-	
Environment - improvements to gatev	-	15,000	-	15,000	-	-	-	
Identify target sector	-	5,000	-	5,000	-	-	-	
Business Selby	-	40,000	-	29,500	10,500	-	-	
Ready 4 Work	-	72,500	-	19,300	37,100	16,100	-	Over 2 years plus match funding from Access Selby
Leisure Centre New Build	7,032,500	-	-	1,900,000	5,132,500	-	-	£2m P4G, £2m from Sport England and £3m insurance claim £25k on-going cost to be met by savings on ALC £126.5k p.a. - to be met by savings from WLCT contract Project supported but full costs not yet established
Affordable Access	-	-	-	-	-	-	-	
Community Delivery	-	-	-	-	-	-	-	
Selby Leisure Village	-	14,000	-	14,000	-	-	-	
Retail experience	-	350,000	-	350,000	-	-	-	
Growing enterprise	-	150,000	-	150,000	-	-	-	
Site acquisition fund:	962,000	-	-	962,000	-	-	-	Subject to business cases Approved December 2012 Approved May 2013
- Travellers Site	188,000	-	5,090	90,000	92,910	-	-	
- 55 - 57 Bondgate	600,000	-	-	600,000	-	-	-	
<b>Total</b>	<b>8,882,500</b>	<b>1,059,373</b>	<b>11,701</b>	<b>4,338,740</b>	<b>5,421,010</b>	<b>87,922</b>	<b>30,000</b>	
<b>Total</b>		<b>9,941,873</b>						
<b>Resources</b>		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>			
Balance Brought Fwd			-	2,437,299	878,559	243,049	155,127	
Special projects reserve - revenue		3,716,000	1,956,000	880,000	880,000	-	-	Special projects reserve @ 31 March 2013 = £1.729m plus NHB for 13/14 and 14/15 @ £880k p.a. plus revenue surplus of £227k.
Special projects reserve - capital		1,266,000	493,000		773,000			Assumes capital receipts from sale of car park at old civic centre @ £1m - if this does take place within the life of the programme Prudential Borrowing would be taken on the ALC project, funded by revenue savings. To help mitigate this risk £227k Revenue Budget surplus has been allocated in 12/13. Selby Leisure Centre Selby Leisure Centre
Insurance Claim - ALC		3,000,000		1,900,000	1,100,000			
Sport England Grant		2,032,500			2,032,500			
Project Spend			- 11,701	- 4,338,740	- 5,421,010	- 87,922	- 30,000	
<b>Balance</b>		<b>10,014,500</b>	<b>2,437,299</b>	<b>878,559</b>	<b>243,049</b>	<b>155,127</b>	<b>125,127</b>	
<b>Funding contingency</b>		<b>72,627</b>						

**CORE  
GENERAL FUND BASE BUDGET  
SAVINGS/EFFICIENCIES ACTION PLAN  
2013/14 - 2015/16 (V11)  
Updated January 2014**

**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

Proposed Savings	Status	2013/14 £	2014/15 £	2015/16 £	2016/17 £	Progress
<b>Inflation factor</b>		0.020	0.020	0.020	0.020	
<b>Procurement Workstream</b>						
Election software	Green	4,890	4,988	5,087	5,189	Completed
Audit Partnership	Green	15,606	15,918	16,236	16,561	Completed
		<b>20,496</b>	<b>20,906</b>	<b>21,324</b>	<b>21,750</b>	
<b>Transformation Workstream</b>						
WTT - Transformation (Core)	Green	52,020	53,060	54,122	55,204	Completed
Joint CE with NYCC appointed and 1 further FTE reduction	Green		82,000	82,820	83,648	
<b>Total Transformation</b>		<b>52,020</b>	<b>135,060</b>	<b>136,942</b>	<b>138,852</b>	
<b>Value for Money Workstream</b>						
Internal Drainage Boards	Green	148,920	151,898	154,936	158,035	Completed
Community Safety	Green	15,918	16,236	16,561	16,892	Completed
Ward Boundary Review	Green			30,000	30,000	To be implemented following next election May 2015 - amount subject to review of allowances.
<b>Total Value for Money</b>		<b>164,838</b>	<b>168,135</b>	<b>201,498</b>	<b>204,928</b>	
<b>Base Budget Review Workstream</b>						
External Audit Fee	Green	53,370	53,370	53,370	53,370	Completed
Early Retirements - Strain on Pension Fund	Green	96,580	98,512	100,482	102,491	Completed
Corporate and Democratic Core	Green	7,000	7,140	7,283	7,428	Completed
Pay Award from 2.5% est to 1% revised	Green	22,230	33,150	48,118	48,118	Completed
Internal Audit	Green	13,520	13,790	14,066	14,348	Completed
Car Allowances	Green	2,850	2,850	2,850	2,850	Completed
<b>Total Base Budget Review</b>		<b>195,550</b>	<b>208,812</b>	<b>226,169</b>	<b>228,605</b>	
<b>Discretionary Service Review Workstream</b>						

Proposed Savings	Status	2013/14 £	2014/15 £	2015/16 £	2016/17 £	Progress
External Grants	Green	12,000	12,000	12,000	12,000	Completed
<b>Total Discretionary Service Review</b>		<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	
<b>Income Generation Workstream</b>						
Use of assets for advertising space	Red		25,000	25,000	25,000	Initial bids for space have been received
<b>Total Income Generation</b>		<b>-</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	
<b>Total General Fund Savings</b>		<b>444,904</b>	<b>569,913</b>	<b>622,932</b>	<b>631,136</b>	
<b>Target</b>		<b>397,037</b>	<b>481,374</b>	<b>952,716</b>	<b>977,638</b>	
<b>Headroom/Deficit (+/-)</b>		<b>47,867</b>	<b>88,539</b>	<b>- 318,524</b>	<b>- 326,620</b>	
<b>Green Savings</b>		462,878	544,913	597,932	606,136	
<b>Amber Savings</b>		-	-	-	-	
<b>Red Savings**</b>		-	25,000	25,000	25,000	
<b>Total</b>		<b>462,878</b>	<b>569,913</b>	<b>622,932</b>	<b>631,136</b>	

**ACCESS SELBY**  
**GENERAL FUND BASE BUDGET**  
**SAVINGS/EFFICIENCIES ACTION PLAN 2013/14 -**  
**2015/16 (V8)**  
**Updated 11 October 2013**

**Key:**

Green
Amber
Red

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

Proposed Savings	Status	2014/15 £	2015/16 £	2016/17 £	Progress
<b>Procurement Workstream</b>		0.020	0.020	0.020	
Collaborative corporate contracts through shared procurement service	Red	52,784	51,002	50,439	This is a target set for the procurement team and is a reducing balance as savings are identified. The original target was £150k and these balances reflect savings still to be achieved.
Note: The balance of this target will reduce as individual procurement projects are identified					
Supporting People - Lifelines	Red	38,000	76,000	76,000	Revenue savings as a result of upfront equipment purchase
CCTV - Equipment Rental	Green	3,450	3,519	3,589	A review of the contract identified equipment rental savings.
CCTV - Private Contractors - Contract	Green	3,210	3,274	3,340	A review of the contract identified contractor savings.
<b>Total Procurement</b>		<b>97,444</b>	<b>133,795</b>	<b>133,369</b>	
<b>Transformation</b>					
Spend to save initiatives	Red	25,000	25,500	26,010	Officers working to highlight initiatives.
CRM Replacement - Capital investment required to achieve revenue savings	Amber	0	52,785	53,312	Approval has been given for the CRM replacement project. Realisation of savings is highly dependant on staff efficiencies being achieved - Reprofiled for delayed project
Mobile Working - Capital investment required to achieve revenue savings	Amber	0	125,038	142,814	Approval has been given for the Mobile Working Project. Realisation of savings is highly dependant on staff efficiencies being achieved - Reprofiled for expected start date.
Programme for Growth	Amber	6,000	6,000	0	Expected profits from commissioned work to date for Programme for Growth.
<b>Total Transformation</b>		<b>31,000</b>	<b>209,323</b>	<b>222,136</b>	
<b>Asset Management Workstream</b>					
Running costs of new Civic Centre	Amber	37,057	37,798	38,554	A NNDR appeal has been lodged, an initial revaluation has been received that will be appealed in mid November.
Barby Depot	Amber	13,627	13,900	14,178	Options for the future of the depot are currently being explored as part of the Asset Management Strategy
<b>Total Asset Management</b>		<b>50,684</b>	<b>51,697</b>	<b>52,731</b>	
<b>Value for Money Workstream</b>					
Telecommunications Mast	Red	-	-	-	Delays with the transfer of the mast from NYP to SDC
Negotiation for share of out performance on Council Tax collection	Red	25,250	25,503	26,013	Will require year end reconciliations, however currently performing to target or above.
External Audit - Grants Audit Fee	Green	17,360	17,708	18,062	Following change from Audit Commission to Mazars - standard inspection of Grants fee has reduced by £17,020
Car Park Income	Green	20,000	20,333	21,000	Increased income not achieved, new long stay car park not meeting capacity expectations coinciding with free car parking for profiles gym users and availability of free parking in town centre.
<b>Total Value for Money</b>		<b>62,610</b>	<b>63,543</b>	<b>65,074</b>	

Proposed Savings	Status	2014/15 £	2015/16 £	2016/17 £	Progress
		0.020	0.020	0.020	
<b>Base Budget Review Workstream</b>					
Car Allowances	Green	24,000	24,000	24,000	Completed - Savings achieved removed from Base
Car Allowances	Amber	17,150	17,150	17,150	Remainder of target to achieve through alternative allowance options
Housing Benefit Overpayments Recovery	Green	127,500	130,050	132,651	Will require year end reconciliations, however currently performing to target or above.
ICT	Green	10,200	10,404	10,612	Additional savings from the review of the profile of software maintenance payments.
<b>Total Base Budget Review</b>		<b>178,850</b>	<b>181,604</b>	<b>184,413</b>	
<b>Discretionary Service Review Workstream</b>					
Enhanced Planning Advice Service	Amber	15,000	15,300	15,606	
Maximise current income streams	Amber	100,000	102,000	104,040	Progress against pilot projects in marketing strategy is being made including Civic Centre Room Hire. A process is to be developed with the assistance of the Finance Team to establish where (if any) progress has been made to influence and establish whether this saving is achievable. Going forward, the Programme for Growth will significantly contribute to achieving the target. The anticipated headroom of £50k generated from surplus recycling credits against the shortfall in the sale of recyclates can contribute towards this target.
Redeploy resources to pursue grant funding opportunities	Red	50,000	51,000	52,020	Lead officers considering grant opportunities as part of their budget monitoring.
Policy changes to introduce new income streams	Red	-	100,000	102,000	
<b>Total Discretionary Service Review</b>		<b>165,000</b>	<b>268,300</b>	<b>273,666</b>	
<b>General Fund Savings in Progress</b>		<b>585,588</b>	<b>908,263</b>	<b>931,390</b>	
<b>Completed (GREEN) General Fund Savings</b>		<b>2,718,602</b>	<b>2,838,127</b>	<b>2,891,022</b>	<b>(Maintained on a separate sheet)</b>
<b>Total General Fund Savings</b>		<b>3,304,190</b>	<b>3,746,389</b>	<b>3,822,412</b>	
<b>Savings Target</b>		<b>3,411,816</b>	<b>3,582,719</b>	<b>3,619,388</b>	
<b>New Target</b>		<b>3,411,816</b>	<b>3,582,719</b>	<b>3,619,388</b>	
<b>Headroom/Deficit (+/-)</b>	** -	<b>107,626</b>	<b>163,670</b>	<b>203,024</b>	
<b>Green Savings</b>		2,924,322	3,047,415	3,104,276	
<b>Amber Savings</b>		188,834	369,970	385,654	
<b>Red Savings**</b>		191,034	329,004	332,482	
<b>Total</b>		<b>3,304,190</b>	<b>3,746,389</b>	<b>3,822,412</b>	

**HOUSING REVENUE ACCOUNT BASE BUDGET SAVINGS 2013/14 - 2015/16**

**ACCESS SELBY**

**Updated October 13 (v14)**

Key:

Green
Amber
Red

Savings likely to be achieved/low risk

Tentative savings - further work required/medium risk

Savings require a change in Council policy or significant change in service delivery/high risk

Status	2014/15	2015/16	2016/17	Progress
<b>Inflation factor</b>				
<b>Proposed Savings</b>				
Review of Property Services unfilled posts	Green	50,000	50,000	50,000 Completed
Gas Servicing Contract	Green	20,000	20,000	20,000 Completed
Grassed Areas & Open Spaces base budget review	Green	29,000	29,000	29,000 Completed
Various Suppliers	Green	22,000	22,000	22,000 Completed
WTT - Savings	Green	129,591	129,591	129,591 Completed
2011/12 Pay Award	Green	27,000	27,000	27,000 Completed
Car Allowances	Green	5,600	5,600	5,600 Completed
Savings on Audit Fees and early Retirement Charges	Green	40,460	40,460	40,460 Completed
Ryecare Help-Line Telecom Saving	Green	700	700	700 Completed
Consolidation of IT Budgets	Green	23,685	23,685	23,685 Completed
Electrical Testing - R&M	Green	15,000	15,000	15,000 Completed
Vehicle Tracking System	Green	500	500	500 Completed
Direct Works - Phones	Green	2,000	2,000	2,000 Completed
Grants Audit Fees	Green	6,000	6,000	6,000 Completed
Clear Access Footways	Green	2,500	2,500	2,500 Completed
Footpaths	Green	10,000	10,000	10,000 Completed
Gutters & Fallpipes	Green	5,000	5,000	5,000 Completed
Tenants Participation - Housing Reports	Green	450	370	370 Completed
Energy Performance Certificates	Green	3,000	3,000	3,000 Completed
<b>Total Housing Revenue Account Savings</b>		<b>392,486</b>	<b>392,406</b>	<b>392,406</b>
<b>Target Savings</b>		<b>360,000</b>	<b>360,000</b>	<b>360,000</b>
<b>Headroom/Deficit (+/-)</b>		<b>32,486</b>	<b>32,406</b>	<b>32,406</b>
	Green Savings	392,486	392,406	392,406
	Amber Savings			
	Red Savings**			

General Fund Bids 2014/15 - 2016/17

Core Bids

Description	Strategic Theme / Priority	Revenue			Capital			Comments	Term	Category
		14/15	15/16	16/17	14/15	15/16	16/17			
Collapsed Culvert - at Portholme Road	To reduce the risk of flooding to domestic and commercial property in the area.				150,000			The culvert servicing Doncaster road and Portholme rd has collapsed where the culvert runs beneath the football pitch, damage has been caused by tree roots from the line of poplar trees.	One-Off	B
<b>Net Cost of Bid</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000</b>	<b>0</b>	<b>0</b>			
To provide a Repair Assistance Loan service to provide urgent house repairs to vulnerable households in the private sector	Supporting vulnerable people				30,000	30,000	30,000	As loans are placed, a charge against the property is raised, realised at point of sale. Fund from Capital Receipts.	Fixed	B
<b>Net Cost of Bid</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>			
Replacement Finance System	Hardware Software Implementation						10,000 70,000 10,000	Fund from IT Reserve	One-Off	B
<b>Net Cost of Bid</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>90,000</b>			
Human Resources Software Upgrade	Software				5,000			Fund from IT Reserve	One-Off	B
<b>Net Cost of Bid</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>			
Corporate DIP Upgrade	Software				20,000			Fund from IT Reserve	One-Off	B
<b>Net Cost of Bid</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	<b>0</b>	<b>0</b>			
Planning - Idox upgrade	Hardware						7,000	Fund from IT Reserve	One-Off	B
<b>Net Cost of Bid</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,000</b>			
Replace Langdale Software	Software						10,000	Fund from IT Reserve	One-Off	B
<b>Net Cost of Bid</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000</b>			
Democratic Services upgrade	Software						10,000	Fund from IT Reserve	One-Off	B
<b>Net Cost of Bid</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000</b>			
Replace Genero Housing Rents System	Hardware Software Implementation						10,000 40,000 5,000	Fund from IT Reserve	One-Off	B
<b>Net Cost of Bid</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>55,000</b>			
IT replacement costs for Virual Servers, Virtual Software & Storage	Hardware Software Implementation				25,000	30,000	75,000 30,000 15,000	Fund from IT Reserve	Fixed	B
<b>Net Cost of Bid</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>35,000</b>	<b>40,000</b>	<b>120,000</b>			
Benefits & Taxation - Additional Software to meet Government regulations	Software Implementation				10,000	10,000	10,000 5,000 5,000	Fund from IT Reserve	Permanent	B
<b>Net Cost of Bid</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>			
<b>Total Value of Core Bids</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>255,000</b>	<b>85,000</b>	<b>337,000</b>			

## Access Selby Bids - Potential Contract Variations

Description	Strategic Theme / Priority	Revenue			Capital			Comments	Term	Category
		14/15	15/16	16/17	14/15	15/16	16/17			
To implement a new telephony system; building stronger links with NYCC and other authorities within the NY region.	Increase flexible working across the organisation				67,000			To improve and modernise our current telephony system, by moving to a new robust, cloud based telephony system which will deliver more flexible working through hot desking and offer improved working from home functionality. It will also offer the potential to work more closely with NYCC (and Craven, Scarborough and Richmondshire) by linking our phone systems allowing for contact centre functions to be shared and allow for NYCC colleagues to work from our offices.  Fund from ICT Reserve	One-Off	C
		New Maintenance Charges	11,000	11,000	11,000					
		Staff costs to Implement (Backfilling)								
		Savings: Maintenance Charges Original	-10,000	-10,000	-10,000					
<b>Net Cost of Bid</b>		<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>67,000</b>	<b>0</b>	<b>0</b>			
Viability Assessment for Affordable Housing	The Council's Core Strategy Local Plan introduces a new threshold for the requirement to provide a contribution towards affordable housing.	11,790	11,790	11,790				Proposals for 1-9 dwellings will now be required to provide a 10% contribution towards providing affordable housing. Furthermore the threshold for the requirement for a 40% contribution will fall from 15 to 10 dwellings.	Permanent	A
<b>Net Cost of Bid</b>		<b>11,790</b>	<b>11,790</b>	<b>11,790</b>	<b>0</b>	<b>0</b>	<b>0</b>			
New Local Plan for Selby District to cover both Sites Allocations and Development Management policies (the new Sites and Policies Plan (SAPP))	Changing places, Living Well and Tackling the Tough Stuff themes			70,000				SAPP Examination in Public over and above LDF funding availability. The progression of the SAPP will aim to deliver both the housing and employment needs in the Core Strategy bringing jobs to the District and New Homes Bonus. Fund from Contingency Reserve.	One-Off	
<b>Net Cost of Bid</b>		<b>0</b>	<b>0</b>	<b>70,000</b>	<b>0</b>	<b>0</b>	<b>0</b>			
This bid covers the potential cost of purchasing the lifeline equipment outright as opposed to continuing the current leasing option.  Leasing costs will discontinue  Maintenance / rolling programme of replacement	Supporting Vulnerable People.				180,000			It is believed that the new system of Life line will be considerably cheaper than the present contract that we were locked into.	One-Off	B
					-38,000	-76,000	-76,000			
							30,000			
		<b>Net Cost of Bid</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>142,000</b>	<b>-76,000</b>		<b>-46,000</b>	
<b>Total Value of Access Selby Bids</b>		<b>12,790</b>	<b>12,790</b>	<b>82,790</b>	<b>209,000</b>	<b>-76,000</b>	<b>-46,000</b>			
<b>Total Value of General Fund Bids</b>		<b>12,790</b>	<b>12,790</b>	<b>82,790</b>	<b>464,000</b>	<b>9,000</b>	<b>291,000</b>			



Housing Revenue Account Bids 2014/15 - 2016/17

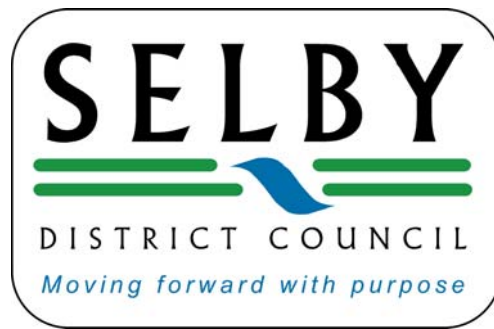
Core Bids

Description	Strategic Theme / Priority	Revenue			Capital			Comments	Term	Category
		14/15	15/16	16/17	14/15	15/16	16/17			
Pointing of Properties	Effectively maintain the condition of the SDC housing stock					300,000	300,000	On-going need identified to point or part-point current housing stock. Up to 10,000m2 to be actioned per year.	Fixed 2 YR	B
<b>Net Cost of Bid</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300,000</b>	<b>300,000</b>	Work identified not part of current programme. By addressing this issue, it is anticipated savings can be made on damp works in the longer term.		
<b>Net Cost of Core HRA Bids</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300,000</b>	<b>300,000</b>			

Key to Bid Categories

- A - Statutory
- B - Essential to maintain the existing level of service.
- C - Corporate Plan Improvement
- D - State of the Area Address Initiative
- E - Section Improvement Plan Initiative

<b>Reserves</b>										
<b>Description</b>	<b>Estimated Balance 31 March 14</b>	<b>Use</b>	<b>Contribs</b>	<b>Estimated Balance 31 March 15</b>	<b>Use</b>	<b>Contribs</b>	<b>Estimated Balance 31 March 16</b>	<b>Use</b>	<b>Contribs</b>	<b>Estimated Balance 31 March 17</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Revenue Reserves</b>										
<b>General Fund</b>										
<b>Reserves to fund future commitments:</b>										
PFI Scheme	2,408,273	- 390,560	386,020	2,403,733	- 402,280	394,000	2,395,453	- 414,340	401,920	2,383,033
ICT	318,244	- 269,885	200,000	248,359	- 186,300	200,000	262,059	- 324,500	200,000	137,559
Building Repairs & Projects	671,744	- 93,000	130,000	708,744		130,000	838,744		130,000	968,744
Election	96,954		30,000	126,954	- 120,000	30,000	36,954		34,000	70,954
Tadcaster Central Area	215,401			215,401			215,401			215,401
Industrial Units	33,119			33,119			33,119			33,119
Open Space Maintenance	11,158			11,158			11,158			11,158
	3,754,893	- 753,445	746,020	3,747,468	- 708,580	754,000	3,792,888	- 738,840	765,920	3,819,968
<b>Reserves to fund growth and improvement:</b>										
Special Projects (Programme for Growth)	885,002	- 1,682,453	880,000	82,549	- 162,922	880,000	799,627		880,000	1,679,627
Special Projects (Non_PFG commitments)	317,460	- 150,000		167,460			167,460			167,460
Discretionary Rate Relief Fund	300,000			300,000			300,000			300,000
NYCC Collaboration	250,000			250,000			250,000			250,000
Spend To Save	112,353		119,070	231,423		119,070	350,493			350,493
	1,864,815	- 1,832,453	999,070	1,031,432	- 162,922	999,070	1,867,580	-	880,000	2,747,580
<b>Reserves to mitigate financial risk:</b>										
Pensions Equalisation Reserve*	600,000		186,120	786,120		181,120	967,240		182,820	1,150,060
NDR Equalisation	300,000	- 164,000		136,000			136,000			136,000
Planning Inquiries	100,000			100,000			100,000			100,000
Access Selby	438,310	- 287,626		150,684		163,670	314,354	- 30,000	203,024	487,378
Contingency	553,135			553,135			553,135	- 70,000		483,135
General Fund	1,673,872			1,673,872			1,673,872			1,673,872
	3,665,317	- 451,626	186,120	3,399,811	-	344,790	3,744,601	- 100,000	385,844	4,030,445
<b>Other Reserves:</b>										
Sherburn Amenity Land	9,992			9,992			9,992			9,992
Wheeled Bins	18,000			18,000			18,000			18,000
	27,992	-	-	27,992	-	-	27,992	-	-	27,992
<b>Sub Total</b>	<b>9,313,017</b>	<b>- 3,037,524</b>	<b>1,931,210</b>	<b>8,206,703</b>	<b>- 871,502</b>	<b>2,097,860</b>	<b>9,433,061</b>	<b>- 838,840</b>	<b>2,031,764</b>	<b>10,625,985</b>
<b>HRA</b>										
HRA Unallocated Balance	1,187,731			1,187,731			1,187,731			1,187,731
HRA Access Selby Reserve	504,000	- 18,790	32,490	517,700	- 14,090	32,410	536,020		32,410	568,430
C/fwd Budgets (HRA)	-			-			-			-
Major Repairs Reserve - Capital Programme	20,931	- 4,030,980	4,043,120	33,071	- 2,795,480	3,747,030	984,621	- 2,143,980	4,498,590	3,339,231
Major Repairs Reserve - Debt Repayment	2,350,000		929,960	3,279,960		1,590,040	4,870,000		1,260,000	6,130,000
<b>Sub Total</b>	<b>4,062,662</b>	<b>- 4,049,770</b>	<b>5,005,570</b>	<b>5,018,462</b>	<b>- 2,809,570</b>	<b>5,369,480</b>	<b>7,578,372</b>	<b>- 2,143,980</b>	<b>5,791,000</b>	<b>11,225,392</b>
<b>Total Revenue Reserves</b>	<b>13,375,679</b>	<b>- 7,087,294</b>	<b>6,936,780</b>	<b>13,225,165</b>	<b>- 3,681,072</b>	<b>7,467,340</b>	<b>17,011,433</b>	<b>- 2,982,820</b>	<b>7,822,764</b>	<b>21,851,377</b>
<b>Capital Reserves</b>										
Capital Receipts**	3,196,314	- 3,240,000	561,079	517,393	- 235,000	257,500	539,893	- 235,000		304,893
Capital Receipts (Programme for Growth)	227,636	- 769,057	541,421	-			-			-
	<b>3,423,950</b>	<b>- 4,009,057</b>	<b>1,102,500</b>	<b>517,393</b>	<b>- 235,000</b>	<b>257,500</b>	<b>539,893</b>	<b>- 235,000</b>	<b>-</b>	<b>304,893</b>
* Payment to Pension Fund and reserve contributions to be reconsidered following triennial valuation due 2013/14										
** Includes £3m insurance settlement re Abbey Leisure Centre										



# **MAJOR BUDGETS RISK ASSESSMENT 2014/15**

**1.0 BACKGROUND:**

- 1.1 This paper provides a risk assessment for material items of revenue income and expenditure. It identifies those significant budgets where the risk of over or underachievement is greatest, including budgets which are particularly volatile or susceptible to fluctuation as a result of external factors, and attempts to quantify the financial risk to Access Selby, Communities Selby and the Core of the Council.
- 1.2 Inflation is an important factor for the Council’s budgets, and can have an impact when rates are high relative to income growth. The Council is also locked into some large contracts (e.g. Streetscene - £3.8m) which use the RPI for the rate of uplift, and these alone can add considerable risk to the relevant expenditure budgets.

**CORE**

**2.0 INVESTMENT INTEREST**

- 2.1 The low bank base rate continues to challenge our investment returns. Investment rates are currently in the 0.37% - 3.20% range dependent on the length and counterparty involved. Due to the economic situation forecasters are not expecting a rise in the base rate until at least 2016. With this in mind 1.25% has been used for budget calculations. If this level fails to be achieved the impact of reduced rates is shown below.

Sensitivity Analysis	Interest Rate		
2014/15 Budget	0.9% Average interest rate	1.0% Average interest rate	1.1% Average interest rate
250,000	180,000	200,000	220,000

Sensitivity: High      Impact: Medium      Risk: High

**ACCESS SELBY, CORE and COMMUNITIES SELBY**

**3.0 SALARIES AND WAGES**

- 3.1 Salaries and Wages form a major expenditure for Access Selby and the Core with total budgets for 2014/15 nearing £6.17m.
- 3.2 Variances to the budgets can come from the following pressures:
- Vacancies (downward pressure).
  - Service pressures – unexpected requirement for overtime eg, backlogs in work or cover for sickness absence (upward pressure).
  - Maternity leave (upward pressure – due mainly to Access Selby’s reduced staffing resources).
  - Sickness absence – short term sickness generally has no financial implications. Long term sickness absence is likely to require posts to be

covered to maintain service performance, for example by overtime or temporary staff (upward pressure).

- 3.3 Although the new delivery arrangements have seen a reduction in employee numbers, this is seen to increase the risk on the budget, as there are less staff available to meet any subsequent pressures. Also, the size of the budget means that a minor change can result in a significant variance.
- 3.4 Access Selby has seen an underspend in salaries and wages in its first 2 years of existence, and it is predicted that this will be the same in year 3. Although there have been underspends within the Core also, these are not to the same extent as there has been a much more settled structure.

Sensitivity Analysis

2014/15 Budget	1.0% Variance	2.5% Variance	5.0% Variance
Salaries Access Selby	55,871	139,678	279,355
Core	5,787	14,467	28,935

Sensitivity: Medium      Impact: High      Risk: Medium

- 3.5 The Local Government Pension Scheme and its funding have been and continue to be the subject of change. The main cost pressure is the under performance of the Fund, together with increases in pension fund membership, and although the latter has not been significant in the past, changes introduced in 2011/12 mean that employees who have previously opted out of the scheme will be automatically re-entered every 3 years, bringing a potential increase in cost if those employees do not choose to opt out again. In 2014/15 the Employer’s contribution is based on a future service rate of 13.4% together with a lump sum of £752,210.
- 3.6 The next actuarial valuation is due in April 2014, and it is expected that this will bring a net 2% increase in rates. The back funding element is a fixed lump sum contribution, and is only liable to inflationary increases. The predicted 2% has been included in the budget. Any variation over and above this will impact as per the figures below.

Sensitivity Analysis

2014/15 Budget	1% Variance	5% Variance	10% variance
‘Ers Superannuation Access Selby	5,767	28,837	57,674
Core	614	3,071	6,141
Back Funding Lump Sum Contb’n	7,522	37,610	75,221

Sensitivity: Low      Impact: Medium      Risk: Low

**ACCESS SELBY**

**4.0 HOUSING AND COUNCIL TAX SUPPORT:**

- 4.1 The national roll out of Universal Credit has now been delayed until April 2015 at the earliest. There are doubts over the inclusion of Housing Benefit within Universal Credit. It is estimated that Universal Credit would see a maximum of

5% reduction in workload for Selby. Officers are working to understand the implications of Universal Credit on the Authority.

- 4.2 The Budget for Housing Benefit payments is estimated to be £17.18m in 2014/15. The calculation takes into account Rental Price Increases and the current economic climate. Housing Benefit roughly equates to the Government Grant, if we include money recovered from over payments (£125,000). The recovery level is at risk in difficult economic times creating a risk factor.

Sensitivity Analysis

2014/15 Budget	1% Variance	5% Variance	10% Variance
Recovery Variance	1,250	6,250	12,500

Sensitivity: High

Impact: Low

Risk: High

- 4.3 From April 2013 Council Tax Benefit became Council Tax Support. In 2014/15 this fixed pot of money from Central Government will be about £4.10m. SDC's risk is that any increased demand for Council Tax Support above this level will result in a 10.7% liability to the Council of this additional amount. The rest is covered by the NYCC, Fire and Police Authority. This is a major change and increases the risk to the Council and other Precepting bodies.

Sensitivity Analysis

2014/15 Budget	1% Variance	5% Variance	10% Variance
Benefits Paid	40,994	204,968	409,936
SDC Exposure (10.7%)	4,386	21,932	43,863

Sensitivity: Medium

Impact: Low

Risk: Medium

**5.0 ENERGY COSTS (various budgets):**

- 5.1 Energy costs are difficult to predict with precision as they are affected by both volume of consumption and price. The Council procures energy through a framework contract although transfer of responsibilities for the leisure centre / gymnasium to WLCT and the joint arrangements with the NHS for the new Civic Centre mean that our direct procurement of energy has reduced, albeit with some degree of loss of control.

Sensitivity Analysis

2014/15 Budget	10% Variance	20% Variance	30% variance
Gas 47,610	4,761	9,522	14,283
Electricity 145,820	14,582	29,164	43,746
Total 193,430	19,343	38,686	58,029

Sensitivity: High

Impact: Medium

Risk: Medium

**6.0 LEISURE SERVICES CONTRACT:**

- 6.1 At the beginning of September 2009, the responsibility for the management of the Council’s leisure facilities transferred to Wigan Leisure and Culture Trust. The financial performance of the contract is monitored to ensure that the arrangements are sustainable.
- 6.2 The Council, as landlord of the properties used by WLCT, retains a responsibility for maintaining them. A 10 year maintenance programme is supported by an earmarked revenue reserve.
- 6.3 In late February 2012, the contract was severely affected by a major fire at the Abbey Leisure Centre. The resulting loss of leisure provision in the district has necessitated a variation to the contract, taking into account the replacement gym and dance floor facilities as a result of converting the former Walkers bingo hall. As the decision has now been taken to replace the leisure centre with a smaller facility, it may be that the contract will not return to previous levels.

Sensitivity Analysis

2014/15 Budget	1% Variance	5% Variance	10% variance
293,640	2,936	14,682	29,364

Sensitivity: Low

Impact: Low

Risk: Low

**7.0 WASTE COLLECTION:**

- 7.1 With effect from October 2009, the Council introduced an alternate weekly bin collection system as part of a new Streetscene contract with Enterprise Managed Services Ltd. A sum of £1,733,640 is included in the 2014/15 budgets for contractor payments and waste disposal charges made by the County Council.
- 7.2 Contained within the contract is an annual price review, to be effective on the anniversary of the commencement of the agreement. To allow RPI to be used as an inflation factor, an additional 1% was added to the tender price at the start of the contract, with RPI as at September being used to inflate this adjusted base price each subsequent year. The contract also absorbs any additional cost pressure from increased properties, unless such additions require a fundamental change (i.e. an additional round / refuse vehicle). The forecast growth in property numbers over the next five years indicate that at least an extra 450 properties per year will be built in the district. Discussions are taking place with Enterprise to agree a target of additional properties that will necessitate a variation to the contract.
- 7.3 The County Council charges relate to the disposal of trade waste. Currently these are £72 (Land Fill Tax) and £17.47 (Disposal Charges). Both items are multiplied by the latest estimated tonnage figures which then form part of the pricing calculations which aim to return a small surplus. With regard to tonnage the estimates are based upon the latest information and to the extent that tonnage is not certain, there is the risk that there may be some variance to the original budget.

- 7.4 With regard to price, it is expected that the land fill price per tonne for 2014/15 will increase by £8 (11.1% increase), and disposal charges will increase by £0.48 (2.75% increase).

Sensitivity Analysis

2014/15 Budget	1% Variance	5% Variance	10% variance
Contractor Costs	15,783	78,914	157,828
County Council Charges	1,553	7,767	15,535

Sensitivity: Medium      Impact: Medium      Risk: Medium

- 7.5 Income from refuse collection charges is now in the region of £527k per annum (£500k of which relates to trade refuse income). This is a decrease of £16,320 over the 2013/14 latest estimate. Like any other business, income from this source is subject to increasing competition from other providers, and from the tough economic conditions currently being encountered, although the impact from a review of prices, that will bring the service closer to its competitors, may help. These prices are calculated to make the service a small surplus and are agreed as part of the annual fees and charges review.

Sensitivity Analysis

2014/15 Budget	1% Variance	5% Variance	10% variance
Commercial Waste Income	4,998	24,989	49,979
Domestic Waste Income	264	1,322	2,645

Sensitivity: High      Impact: Medium      Risk: Medium

**8.0 RECYCLING:**

- 8.1 A sum of £1,516,530 is included in the 2014/15 budgets for contractor charges. These relate to the fees that the Council pays to the various companies that process commodities for recycling. The main items for recycling are green waste, paper, glass, plastic containers/bottles and cans. Excluding the contract sum paid to Enterprise, the remaining costs are variable as the price and tonnage can vary throughout the year due to seasonal trends (green waste) and market forces. This is shown below as the figures in Table 2 demonstrate.

**Table 2**

Year	Original Estimate £	Outturn £	Variance	
			£	%
2009/10	1,458,800	1,490,731	-31,931	-2.19
2010/11	1,505,280	1,448,922	56,538	3.76
2011/12	1,514,470	1,341,602	172,868	11.41
2012/13	1,424,630	1,411,465	13,165	0.92
2013/14	1,470,930	*1,487,930	-17,000	-1.16
2014/15	1,516,530			

\* Forecast Outturn

- 8.2 On average the estimates have been under by 2.55%. There is a risk that this could occur again – if so the cost would be £1,477,858. However, linked to the



cost of recycling is the income received from the County Council as recycling credits. The pattern over recent years is shown in Table 3: As can be seen due to strong recycling activity in the current financial year, it is anticipated that both costs and recycling credit income will exceed the budget.

**Table 3**

Year	Original Estimate £	Outturn £	Variance	
			£	%
2009/10	-412,500	-507,107	94,607	22.94
2010/11	-429,000	-491,333	62,333	14.53
2011/12	-491,000	-507,091	16,091	3.28
2012/13	-492,800	-592,639	99,839	20.26
2013/14	-492,800	*-666,500	173,700	35.25
2014/15	-492,800			

\* Forecast Outturn

- 8.3 As the cost per tonne charged and the recycling credit per tonne are not directly related, the correlation between expenditure and income is not direct. The County Council have decided that the 2014/15 recycling credit will be £45.77 per tonne. This rate is increased by 3% year on year until amended by government guidance.
- 8.4 Taking the External Fees and Recycling Credits together, the fixed costs of Enterprise do not fluctuate relevant to the volume collected. Therefore the remaining risk is with charges levied by other contractors to process waste. This is assessed as follows:

**Sensitivity Analysis**

2014/15 Budget	Budget	1% Variance	5% Variance	10% variance
Enterprise Costs	1,395,160	N/A	N/A	N/A
Other Contractors	121,380	1,214	6,069	12,138
Recycling Credits	-492,800	-4,928	-24,640	-49,280
Total	1,023,740	-3,714	-18,571	-37,142

Sensitivity: Low

Impact: Low

Risk: Medium

**9.0 SALE OF RECYCLABLES**

- 9.1 The Council's contractors, Enterprise are now responsible for the management and sale of material sold for recycling. An income share mechanism has been agreed between the Council and Enterprise whereby the Council achieves a guaranteed income from the sale of recyclates and Enterprise can recoup some additional costs through the income generated. A profit share is then applied whereby Enterprise receives 30% of the remaining income generated and the Council receives 70%. Due to a major slump in the market price, and the on-going volatility in the level of demand, there could well be pressure on this budget for the foreseeable future.

Sensitivity Analysis

2014/15 Budget	1% Variance	5% Variance	10% variance
280,000	2,800	14,000	28,000

Sensitivity: High

Impact: Low

Risk: Medium

**10.0 PLANNING APPLICATION FEES:**

10.1 Income from planning application fees is budgeted at £540,230 for 2014/15. The pattern over recent years is shown in Table 4:

**Table 4**

Year	Original Estimate £	Outturn £	Variance	
			£	%
2009/10	461,580	572,075	110,495	23.94
2010/11	561,580	373,330	-188,250	-33.50
2011/12	561,580	460,475	-101,105	-18.00
2012/13	607,020	509,538	-97,482	-16.06
2013/14	540,230	*540,230	0.00	0.00
2014/15	540,230			

\* Forecast outturn for 2013/14

10.2 The housing market has started to show signs of improvement, and if this trend continues it may have a positive effect on application and income levels in 2014/15. Although lower value applications may increase, there is still considerable volatility in the submission of larger applications. This unpredictability means that this area has a high degree of sensitivity and therefore should continue to be monitored closely.

10.3 The budget for 2014/15 has been set at £540,230 as planning fees are very dependant on economic levels of activity, and as outlined above until the situation improves considerably, income levels may remain flat.

Sensitivity Analysis

2014/15 Budget	10% Variance	20% Variance	30% variance
540,230	54,023	108,046	162,069

Sensitivity: High

Impact: High

Risk: High

**11.0 COUNCIL TAX COURT COSTS (income)**

11.1 Owing to a more effective and embedded recovery procedure, accounts reaching the summons stage remain fairly consistent. This area is still fairly sensitive to the state of the economy.

Sensitivity Analysis

2014/15 Budget	10% Variance	20% Variance	30% variance
110,000	11,000	22,000	33,000

Sensitivity: Medium

Impact: Medium

Risk: Low

**12.0 INDUSTRIAL UNIT RENTS**

12.1 The industrial units are managed by Access Selby on behalf of SDC and its partners. The ground rent was revised in 2010/11 as a result of an independent rent review. The maintenance rent has been adjusted in line with the anticipated change in maintenance costs.

12.2 Industrial Unit rents are at risk as they vary depending on the occupancy rate of each unit, the rental is calculated at between 85% and 95% of full occupancy as all the units are rarely 100% occupied (Hurricane Industrial Units currently 100% occupied) although the rent review has made a positive impact. Due mainly to the economic downturn, the units are experiencing varying levels of occupancy and after a certain period of time being unoccupied will also become liable for NNDR. The rent review has led to increased usage, as rent levels are now set lower. This has made longer void periods less likely, but due to economic conditions it is difficult to forecast future income levels. Table 5 below shows estimated and actual income levels since 2009/10.

**Table 5**

Year	Original Estimate £	Outturn £	Variance	
			£	%
2009/10	197,430	146,441	-50,989	-25.83
2010/11	173,420	149,078	-24,342	-14.04
2011/12	173,790	189,480	15,690	9.03
2012/13	185,860	192,650	6,790	3.65
2013/14	185,770	*188,470	2,700	1.45
2014/15	191,470			

**Sensitivity Analysis**

2014/15	5% Variance	10% Variance	15% Variance
191,470	9,573	19,147	28,720

Sensitivity: Medium

Impact: Medium

Risk: Medium

**13.0 CAR PARK PAY AND DISPLAY INCOME**

13.1 Car parking income has a separate policy for increasing fees which is reviewed bi-annually in accordance with the policy agreed in July 2006.

13.2 A review of car parking charges was agreed by the Executive in July 2011. An increase of 20% on long and short stay charges was agreed, with implementation in December 2011, after changes to the machines and signage. It was envisaged that these increases, together with the opening of a new site at the old Civic Centre would generate additional income. Due to the economic climate there may be some pressure in maintaining these levels of income in the future, as there is no expected price increase during 2013/14, with the next review due in 2015/16. Table 6 below shows the estimated and actual income since 2009/10.

Table 6

Year	Original Estimate £	Outturn £	Variance	
			£	%
2009/10	273,000	305,589	32,589	11.94
2010/11	302,000	298,026	-3,974	-1.32
2011/12	308,000	301,620	-6,380	-2.07
2012/13	304,802	303,905	-897	-0.29
2013/14	385,030	*335,000	-50,030	-12.99
2014/15	356,930			

\* Forecast outturn for 2013/14

## Sensitivity Analysis

2014/15 Budget	1% Variance	5% Variance	10% variance
356,930	3,569	17,846	35,693

Sensitivity: High

Impact: Medium

Risk: High

**14.0 INCOME FROM DOMESTIC AND TRADE WASTE COLLECTION**

14.1 Income is derived from two main sources, the collection and disposal of commercial waste from non-domestic premises, and the collection of bulky household waste from domestic properties. The commercial waste budgets for 2014/15 have been set to take into account the increased disposal costs from the County Council, and an inflationary increase, the result of which are prices that offer competitive services to customers within the district.

14.2 There should be little risk to the domestic waste income, as sales of bins and boxes, and use of the bulky refuse collection service are expected to achieve the budgets set.

## Sensitivity Analysis

2014/15 Budget	1% Variance	5% Variance	10% variance
526,240	5,262	26,312	52,624

Sensitivity: Low

Impact: Medium

Risk: Medium

**15.0 LAND CHARGES INCOME**

15.1 Land Charges fees are set in line to recover the cost of the service. In addition Land Charges income is particularly susceptible to external factors such as the movement in the property market, and the option for house buyers to facilitate gathering of information in the most economical way by undertaking elements of the searches themselves.

15.2 The housing market has begun to show some signs of recovery. The budget for 2014/15 has been set at existing levels until the effect of various initiatives begins

to increase income levels, although the unpredictability of this area means it has a high degree of sensitivity and therefore should be monitored closely.

Sensitivity Analysis

2014/15 Budget	5% Variance	10% Variance	15% variance
122,440	6,122	12,244	18,366

Sensitivity: High	Impact: Low	Risk: Medium
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**16.0 LICENSING ACT 2003 INCOME**

16.1 Licensing charges fees are set by central government and increases are governed by direction from them.

16.2 Licensing Act 2003 income which forms the largest element has the potential to be volatile as it depends on the number of applications for variables such as temporary events notices.

Sensitivity Analysis

2014/15 Budget	1% Variance	5% Variance	10% variance
60,000	600	3,000	6,000

Sensitivity: Medium	Impact: Low	Risk: Low
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**17.0 BUILDING CONTROL**

17.1 Selby District Council is one of five partners forming the North Yorkshire Building Control Partnership. The Building Control Partnership is experiencing reduced levels of business due to the economic slowdown, with income levels down. The partnership has had to make significant changes and savings to streamline the service to reduce costs to offset the shortfall in income.

17.2 It is anticipated that the Partnership will run at a deficit for 2013/14 and as part of the legal agreement each partner would be expected to make additional contributions to maintain a minimum reserve balance if there was a deficit. The Building Control Board on the 25<sup>th</sup> January 2012, approved increased contributions from each Council to mitigate any losses on non-chargeable works.

17.3 It is anticipated there may be additional contributions required by Selby District Council during 2013/14.

**Table 7**

Year	Original Estimate £	Actual / Projected Outturn £	Variance	
			£	%
2008/09	38,000	53,215	-15,215	-40.03
2009/10	39,650	69,650	-30,000	-75.66
2010/11	40,090	21,995	18,095	45.13
2011/12	36,050	59,048	-22,998	-63.79
2012/13	55,000	52,927	2,073	3.77
2013/14	42,240	56,760	-14,520	-34.37

2014/15	58,360
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Sensitivity Analysis

2014/15 Budget	10% Variance	20% Variance	50% variance
58,360	5,836	11,672	29,180

Sensitivity: Medium

Impact: Medium

Risk: Medium

**18.0 SUPPORTING PEOPLE**

18.1 Services in respect of the homeless and services for older persons, delivered by Access Selby, are currently funded through the national supporting people funding framework administered by North Yorkshire County Council. Currently funding is committed until December 2014 pending a national review of the Supporting People framework and comprehensive spending review. Sub regional negotiations are ongoing to facilitate forward planning and assessment of risks and options for future delivery of these services.

18.2 As part of business development within Access Selby an enhanced service is offered for a fee. This service is available to vulnerable residents across the district, enabling them to remain in their own homes and maintain a level of independence.

Sensitivity Analysis

2014/15	Budget	10% Variance	20% Variance	30% Variance
Grant Income	297,560	29,756	59,512	89,268
Private Payers	95,000	9,500	19,000	28,500
Total	392,560	39,256	78,512	117,768

Sensitivity: High

Impact: High

Risk: High

**19.0 CONTAMINATED LAND**

19.1 The draft Contaminated Land Strategy will provide opportunities for the Council to meet its corporate priorities; creating a stronger Council and would support the Council to discharge its statutory duty to set a structured approach to investigating and where necessary remediating contaminated land within the District. Although the Council's preferred route for investigation and remediation will continue to be through the development process, the Council does still have a statutory duty to deal with sites potentially contaminated in the District and the strategy sets out an approach to fulfil this obligation.

19.2 No additional revenue allowance has been allocated to this work. It is likely that as sites are investigated costs will be incurred in respect of investigation costs and potentially subsequent remediation costs. It is suggested that any sums recovered from polluters or land owners as sites are remediated should be made available to offset costs incurred.

19.3 It is not possible to accurately estimate the costs of investigation and remediation as each site is different in terms of site size and level and type of contamination. Any costs incurred by the Council should be addressed either through the bid process on a case by case basis and General Fund reserves be utilised to meet and funding shortfall.

## **HOUSING REVENUE ACCOUNT**

### **20.0 HOUSING RENTS**

20.1 Housing rents form the main source of funding for the Housing Revenue Account. Rents are calculated based on complex rent restructuring formulas provided by CLG. The aim of this is to get council rents to converge with those of Registered Social Landlords. Although the HRA is now self financing and free from the constraints of negative subsidy it was anticipated that the model for increases was followed until at least 2015/16, the latest expected convergence date. CLG are now proposing to end rent re-structuring a year early (2014/15) and replace it with a flat CPI + 1% increase per year. This will have an impact on the 30 year business plan as those properties still not meeting convergence, never will, giving a lower rent base. Further information is anticipated during the Autumn

**Table 7**

Year	Original Estimate £	Actual / Projected Outturn £	Variance	
2008/09	9,241,850	9,410,335	168,485	1.82%
2009/10	9,495,000	9,680,904	185,904	1.96%
2010/11	9,530,000	9,875,887	345,887	3.63%
2011/12	10,500,000	10,595,943	95,943	0.91%
2012/13	11,351,000	11,446,759	95,759	0.84%
2013/14	11,741,560	11,774,000	32,440	0.28%
2014/15	12,283,090			

20.2 Rent income levels are difficult to project year on year, due to the number of void dwellings. In addition any sales of dwellings under Right to Buy will also have an impact. A large number of sales or a number of dwellings unavailable as void can have a significant impact on the income generated. It should be noted that as at October 2013, there has been 7 Right to Buy sales during 2013/14, and 10 sales have been forecast for 2014/15. Future sales may be offset by new build projects.

20.3 When calculating the budget, given the complex nature, a conservative estimate is used. It is likely that actual rent income received could exceed the budget estimate.

#### Sensitivity Analysis

2014/15 Budget	0.5% Variance	1% Variance	2% Variance
12,283,090	61,415	122,831	245,662

Sensitivity: Medium

Impact: High

Risk: Medium

- 20.4 Direct payment of Housing Benefit to tenants is currently being trialled in six LA's, with the plan being to phase this roll out to other authorities. One neighbouring authority used in the trial is reporting 11% arrears despite hand picking their best paying tenants for the trial and providing high levels of support. While rental income sits with the Core, this will impact on the collection rates that Access Selby are contracted to receive.

## **21.0 MAINTENANCE OF HOUSING STOCK**

- 21.1 Part of HRA Reform is the removal of the Housing Subsidy System. Although the HRA was a negative subsidy payer, it received a Major Repairs Allowance Grant which was to be utilised to support capital works to the housing stock. Under the new regime, the HRA is now self financing, it still has the requirement to fund repairs to its stock.
- 21.2 Selby has an ageing stock, as a result costs to maintain stock to an appropriate level of decency are likely to increase in the future as the dwelling condition deteriorates. There is a high risk that this scenario will occur. There is a capital programme in place to meet specific programmed demands, but revenue repairs are responsive and can vary daily in the nature and requirements of the property. The HRA attained the decent homes standard by the December 2010 deadline, but further work is needed to maintain and improve this standard.
- 21.3 Funding will be limited to maintain the stock and work required will be prioritised. The HRA as part of the reform arrangements has a significant debt to service (£57.7m) spread over a period up to 50 years. Treasury Management decisions have been made to establish an appropriate payment plan which could conflict with the funding available to maintain the stock, especially in the shorter term. As rents increase, headroom for the continued maintenance of the stock will be created.
- 21.4 Stock surveys are continually carried out. The feedback received will help inform a programme of works, the most critical work prioritised accordingly. This work will need to run in parallel with the debt repayment profile to ensure that funds are allocated correctly and affordability in the HRA is maintained whilst delivering front line services.
- 21.5 Void properties continue to be an issue and can be a drain on resources to get them in to lettable standard. While the property is empty, no rent is earned and each dwelling varies in terms of the work that is required.



**Table 6 – Revenue Costs (Equipment & Materials, Sub-Contractors (Responsive) and Change of Tenancy)**

Year	Original Estimate £	Actual / Projected Outturn £	Variance	
			£	%
2008/09	447,910	451,808	-3,898	-0.87
2009/10	474,230	480,185	-5,955	-1.25
2010/11	424,230	566,514	-142,284	-33.53
2011/12	475,000	484,667	-9,667	-2.04
2012/13	480,000	468,708	11,292	2.35
2013/14	480,000	475,000	5000	1.04
2014/15	489,970			

21.6 Generally, the revenue budget is more sensitive to risk in the fact that the work is responsive, Capital works are programmed and tendered to a fixed price.

Sensitivity Analysis

2014/15 Budget	1% Variance	5% Variance	10% variance
489,970	4,900	24,498	48,997

Sensitivity: High

Impact: Medium

Risk: Medium

### Extract from Policy Review Committee Minutes 14 January 2014

#### 29. PR/13/15 – DRAFT BUDGET AND MEDIUM TERM FINANCIAL PLAN

The Executive Director (s151) presented the report and informed the Committee the report contained the Executive's draft budget proposals which were currently out for consultation. It was explained that the budget had been formulated in accordance with the financial strategy but was subject to confirmation of the Local Government Finance Settlement.

Some of the key points highlighted included:

- An estimated deficit of £96k for 2014/15 on the General Fund which would be covered by balances.
- A 2% Council Tax increase was planned, which would raise the average bill for a Band D property by 6p a week.
- The authority was still dealing with some uncertainty regarding the impact of localised Non Domestic Rates (NDR).
- The Council had three key strands with regard to savings:
  - Transforming
  - Growing
  - Commissioning

And the NYCC 'Better Together' project would be a key part of this work although opportunities for other savings would continue to be sought.

- The Housing Revenue Account had an estimated surplus of nearly £1m which was required to meet the housing capital programme..
- The Committee were taken through the Capital Programme and the Executive Director (s151) explained that commitments such as ICT Replacements and the Telephony systems were important updates for the Council. It was explained that the Capital Programme was funded primarily through reserves.
- The Executive Director (s151) also outlined the Programme for Growth funding and it was explained that the programme was currently designed to run to 2015. Specific funds had been earmarked, which included major projects such as the new leisure centre.
- With regard to reserves, it was explained that the balance of General Fund revenue reserves at 31 March 2015 was estimated to be £8.2m.

A query was raised concerning the separate deficits transferred from the balances for the Core and Access Selby. The Executive Director (s151) explained that Access Selby were working within a fixed cost envelope and if

there were cost pressures in their budget then they needed to be drawn from Access Selby resources.

A Member of the Committee requested further information on the following areas for the last few years where Council Tax had been frozen:

- The levels of inflation, both RPI (Retail Price Index) and CPI (Consumer Price Index) during the years Council Tax has been frozen.
- What the Council would have had to increase Council Tax by to compensate for the loss due to inflation levels.
- What funding had been received from the Secretary of State for the years that Council Tax has been frozen.

Discussion took place on the financing for Parish Councils. The Executive Director (s151) explained that in the previous Local Government Settlement, the Government had clearly identified an element of Council Tax Support funding for Parish Councils. The Committee were informed that the figures for 2014/15 did not include the same breakdown although a figure of £131,000 was shown in the calculation of Selby's 'spending power' for 2014/15.

The Executive Director (s151) explained that 'spending power' is not actual funding but was used by the government to measure the impact on local authorities of central government funding changes. It was explained that if the Council decided to pay funding to Parish Councils, the Council would be increasing its spending and further savings would need to be made.

The Committee were in agreement that this issue should be looked at again by the Executive.

### **RESOLVED:**

- i) To ask the Executive to look again at the decision on funding for Parish Councils.**
- ii) To support the draft budget.**

# Selby District Council

## REPORT

Reference: E/13/50

Public – Item 7



**To:** The Executive  
**Date:** 6 February 2014  
**Status:** Key Decision  
**Report Published:** 29 January 2014  
**Author:** Jodie Taylor Lead Officer - Finance  
**Executive Member:** Councillor C Lunn – Lead member for Finance & Resources  
**Lead Director:** Karen Iveson – Executive Director (s151)

**Title:** Treasury Management – Treasury Management Strategy Statement 2014/15, Minimum Revenue Provision Policy Statement 2014/15, Annual Investment Strategy 2014/15 and Prudential Indicators 2014/15.

### Summary:

This report presents for approval the proposed Treasury Management Strategy together with the Minimum Revenue Provision Policy Statement, Annual Investment Strategy for 2014/15 and Prudential Indicators 2014/15 as required by the Department of Communities and Local Government and CIPFA.

### Recommendations:

It is recommended to Council that:

- i. The Operational Borrowing Limit for 2014/15 is set at £79m
- ii. The Authorised Borrowing Limit for 2014/15 is set at £83m
- iii. Councillors delegate authority to the Executive Director (s151) to effect movement within the agreed authorised boundary limits for long-term borrowing for 2014/15 onwards.
- iv. Councillors delegate authority to the Executive Director (s151) to

**effect movement within the agreed operational boundary limits for long-term borrowing for 2014/15 onwards.**

- v. **The treasury management strategy statement 2014/15 be approved.**
- vi. **The minimum revenue provision policy statement for 2014/15 be approved.**
- vii. **The treasury management investment strategy for 2014/15 be approved.**
- viii. **The prudential indicators for 2014/15 which reflect the capital expenditure plans which are affordable, prudent and sustainable be approved.**

### **Reasons for recommendation**

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

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

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

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

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

- 2.1
  - The Council's 'Authorised Limit for External Debt' is £83m for 2014/15, which is the maximum that can be borrowed in the year;

- The 'Operational Boundary' (the maximum amount that is expected to be borrowed) is £79m in 2014/15, providing £4m headroom for any unusual cashflow purposes, should this be required;
- Officers will manage the Council's exposure to interest rate variations during the year by working within agreed upper limits for fixed and variable interest rates (variable rate borrowing will be limited to 30%);
- Within its Treasury Management Strategy, the Council will contain its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums, by setting limits for the amounts that can be invested from 1 up to 5 years (ranging from £20m down to £5m respectively);
- Following the reform of the Housing Revenue Account (HRA) in 2011/12 the Council operates 2 borrowing pools – one for the General Fund and one for the HRA.
- The Council has a range of loans with differing maturity limits in order to smooth out the repayment profile – the value of loans at 03/12/2013 is £60.333m at an average rate of 4.185%;
- Total investments are around £20.5m at an average rate of 1.00%.

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

- 2.2
- MRP for new borrowing will be based on the asset life;
  - Total MRP for 2014/15 is £1,719k (£1,365k for loans and £354k for leases)

### **Annual Investment Strategy**

- 2.3
- The priorities for investing the Council's cash reserves are security of capital and liquidity of funds;
  - Credit ratings and other credit intelligence are used to inform decisions on investments;
  - Cash balances for investment are expected to range between £14m and £25m over the coming year dependent upon cashflows;
  - Interest rates are not forecast to increase over the coming months and therefore sums are being invested over a range of periods of time to try and achieve the budgeted return and to allow us to take advantage of rising rates as soon as possible;
  - An average rate of return of 1.25% has been estimated for 2014/15.

### **Prudential Indicators**

- 2.4
- The Council plans to spend £11.232m on capital projects in 2014/15
  - This expenditure will be funded from major repairs reserve, capital receipts, grants or revenue resources & borrowing;
  - Principle (Minimum Revenue Provision or MRP) and interest

repayments on current and proposed borrowing, less interest on investments, equate to 0.92% of the General Fund Budget and 31.38% of the HRA net budget in 2014/15.

- Taking into account all capital spending plans during 2014/15 there is a borrowing requirement of £300k for the General Fund and £300k for the HRA.

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

#### **3.1 Legal Issues**

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

#### **3.2 Financial Issues**

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

### **4. Conclusion**

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

### **5. Background Documents**

Accountancy treasury management files

#### **Contact Details**

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#### **Appendices:**

Appendix A – Treasury Management Strategy 2014/15  
Appendix B – Minimum Revenue Provision Policy 2014/15  
Appendix C – Annual Investment Strategy 2014/15  
Appendix D – Prudential Indicators 2014/15

## **TREASURY MANAGEMENT STRATEGY STATEMENT 2014/15**

### 1. **Introduction**

1.1 Treasury management is defined as:

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

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

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

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

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

1.8 The suggested Treasury Management Strategy for 2014/15 covers the following Issues

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

1.9 The CIPFA Code requires the Executive Director (s151) to ensure that members with responsibility for treasury management, particularly those with responsibility for scrutiny, receive adequate training in treasury management. Training has been provided to members by Capita Asset Services (formerly Sector) and further training will be arranged as required.

1.10 These elements cover the requirements of the Local Government Act 2003, the CIPFA prudential Code, the CLG MRP Guidance, the CIPFA Treasury



Management Code and the CLG Investment Guidance.

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

**Table 1: Current Treasury Portfolio at 03/12/13**

		<b>Principal</b>		<b>Ave. rate</b>
		£m	£m	%
Fixed rate funding	PWLB	53.833		
	Market	<u>6.500</u>	60.333	4.19
Variable Rate Funding	PWLB	0		
	Market	0	0	0
Other long term liabilities	Leases	1.393	1.393	2.37
<b>TOTAL DEBT</b>			<u><b>61.726</b></u>	<u><b>4.14</b></u>
<b>TOTAL INVESTMENTS</b>			<b>20.545</b>	<b>1.00</b>

- 1.15 The Council's treasury portfolio position as at 3 December 2013 is shown in Table 1 and the forecasted position at 31 March 2014, with forward projections summarised in Table 2. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

**Table 2: Forecasted Portfolio Position**

	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
<b>External borrowing</b>					
Borrowing at 1 April	62,084	61,726	61,406	61,503	60,711
Expected Change in Borrowing	-4	0	0	0	0
Leases	-354	-320	-354	-342	0
Actual borrowing at 31 March	61,726	61,406	61,053	60,711	60,711
CFR – the borrowing need *	61,674	59,986	58,866	59,662	60,803
Under / (over) borrowing	-53	-1,421	-2,186	-1,049	92
<b>Investments</b>					
Total Investments at 31 March	17,459	20,000	20,000	20,000	20,000
Investment Change	-3,571	2,541	0	0	0
Net Borrowing	44,267	41,406	41,503	40,711	40,711

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

## 2. **Treasury Limits for 2014/15 to 2016/17**

- 2.1 Selby District Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day-to-day cash management, no distinction can be made between revenue and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending.
- 2.2 CIPFA's Prudential code for Capital Finance in Local Authorities' includes the following key indicator of prudence;  
*"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and the next two financial years."*
- 2.3 The Executive Director (s151) reports that the authority (General Fund) had no difficulty meeting this requirement in 2012/13, nor are any difficulties envisaged for the current (2013/14) or future years (2014/15 – 2016/17). This view takes into account current commitments, existing plans and the proposals in the budget.

- 2.4 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales the authorised limit represents the legislative limit specified in the Act.
- 2.5 The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is ‘acceptable’. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
- 2.6 Whilst termed an “Affordable Borrowing Limit”, it incorporates the capital plans to be considered for inclusion in corporate financing by both external borrowing and other forms of liability, such as credit arrangements.
- 2.7 The Authorised Limit for external borrowing is a key prudential indicator and represents a control on the maximum level of borrowing. It is a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council on a rolling basis, for the forthcoming financial year and two successive financial years. This information is shown in table 3.

**Table 3: Authorised Borrowing Limit**

Authorised Limit for External Debt	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Borrowing	72,000	72,000	81,000	77,000	77,000
Other Long Term Liabilities	3,000	3,000	2,000	2,000	2,000
<b>Total</b>	<b>75,000</b>	<b>75,000</b>	<b>83,000</b>	<b>79,000</b>	<b>79,000</b>

- 2.8 The Operational Boundary is the limit beyond which external borrowing is not normally expected to exceed and within which officers will manage the Council's external debt position. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing. This information is shown in table 4.

**Table 4: Operational Borrowing Limit**

Operational Boundary	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Borrowing	68,000	68,000	77,000	73,000	73,000
Other Long Term Liabilities	3,000	3,000	2,000	2,000	2,000
<b>Operational Boundary Total</b>	<b>71,000</b>	<b>71,000</b>	<b>79,000</b>	<b>75,000</b>	<b>75,000</b>

- 2.9 In respect of its external debt, table 3 details the proposed authorised limits for the Council’s total external debt gross of investments for the next three financial years which councillors are recommended to approve. These limits separately identify borrowing from other long-term liabilities such as finance leases. The 2012/13 and 2013/14 figures shown above are for comparative purposes. It is also recommended that members continue to delegate authority to the Executive Director (s151), within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities. Any such changes made will be reported to the Executive at its next meeting following the change.
- 2.10 The Executive Director (s151) reports that these authorised limits are consistent with the authority’s current commitments, existing plans and the proposals in the budget for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Executive Director (s151) confirms that they are based on the estimate of the most likely, prudent but not worst-case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account; as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

**3. Prospects for Interest Rates**

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

**Table 5: Capita View interest rate forecast – December 2013**

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2013	0.50	2.50	4.40	4.40
Mar 2014	0.50	2.50	4.40	4.40
Jun 2014	0.50	2.60	4.40	4.40
Sep 2014	0.50	2.70	4.50	4.50
Dec 2014	0.50	2.70	4.50	4.60
Mar 2015	0.50	2.80	4.60	4.70
Jun 2015	0.50	2.80	4.70	4.80
Sep 2015	0.50	2.90	4.80	4.90
Dec 2015	0.50	3.00	4.90	5.00
Mar 2016	0.50	3.20	5.00	5.10
Jun 2016	0.50	3.30	5.10	5.20
Sep 2016	0.75	3.50	5.10	5.20
Dec 2016	1.00	3.60	5.10	5.20
Mar 2017	1.25	3.70	5.20	5.30

- 3.2 Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth rebounded in quarter 1 and 2 of 2013 to surpass all expectations. Growth prospects remain strong looking

forward, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. One downside is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent.

- 3.3 A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone, the difficulties in this area are likely to continue to dampen UK growth. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.
- 3.4 The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:
- Although Eurozone concerns have subsided in 2013, Eurozone sovereign debt difficulties have not gone away and there are major concerns as to how these will be managed over the next few years as levels of government debt, in some countries, continue to rise to levels that compound already existing concerns. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
  - Investment returns are likely to remain relatively low during 2014/15 and beyond;
  - Borrowing interest rates have risen significantly during 2013 and are on a rising trend. The policy of avoiding new borrowing on the General Fund by running down spare cash balances has been a prudent approach in recent years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs if rates continue to rise.
  - Based on these forecasts, if any new borrowing is taken which causes an increase in investments, there will remain a cost to carry as this will incur a revenue loss between borrowing costs and investment returns.

### **Borrowing Requirement**

- 4.1 The Council is currently maintaining an under-borrowed position. This means that the General Fund capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This is a prudent strategy as investment returns are low and counterparty risk is relatively high, however, this approach will be carefully monitored during 2014/15.
- 4.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2014/15 treasury operations. The Executive Director (s151) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- 4.3 If it was felt that there was a significant risk of a sharp fall in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- 4.4 If it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.
- 4.5 Any decisions will be reported to the Executive at the next available opportunity.
- 4.6 The current capital programme funding forecasts for 2014/15 to 2016/17 shows that there is a borrowing requirement for both the General Fund and HRA. However there may be a further requirement to fund part of the potential Leisure Village project from borrowing and this will be confirmed once and if the project is approved. The borrowing needs for future years will be reviewed as the capital programmes are confirmed.
- 4.7 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. Tables 6 and 7 summarise these indicators which are:
- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
  - Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
  - Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

**Table 6: Interest Rate Exposure**

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

**Table 7 : Maturity Structure Fixed Rate Borrowing 2013/142014/15**

<b>Maturity Structure New Borrowing 2013/20142014/15</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
Under 12 Months	20%	0%
12 Months and within 2 Years	20%	0%
2 Years and within 5 Years	50%	0%
5 Years and within 10 Years	50%	0%
10 Years and within 15 Years	50%	0%
15 Years and over	90%	20%

- 4.8 The Council has a policy of borrowing from the Public Works Loans Board in the first instance (over periods up to 50 years) or the money markets (over periods up to 50 years) which ever reflects the best possible value for the Council at the time. Individual loans are taken out over varying periods depending on the relative value of interest rates at the time of borrowing need and to avoid wherever possible a distorted repayment profile.
- 4.9 The Council's current debt portfolio as shown in Table 1 is made up of £53.833m of PWLB debt and £6.5m of market debt. Opportunities for debt rescheduling have been limited. Flexibility for rescheduling was put into the PWLB debt taken to fund the Community Office Project (£2.6m) and the HRA Self Financing Settlement (£50.233m) to enable opportunities to generate savings if appropriate. This element of the debt portfolio will be kept under review.
- 4.10 The reasons for any rescheduling to take place will include:
- the generation of cash savings at minimum risk;
  - help fulfil the strategy outlined in paragraph 5 above; and
  - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

<b>Maturity Structure New Borrowing 2013/20142014/15</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
Under 12 Months	20%	0%
12 Months and within 2 Years	20%	0%
2 Years and within 5 Years	50%	0%
5 Years and within 10 Years	50%	0%
10 Years and within 15 Years	50%	0%
15 Years and over	90%	20%

- 4.11 Any rescheduling of debt will be reported to Executive at the meeting following its action. The Council has a policy of borrowing from the Public Works Loans Board in the first instance (over periods up to 50 years) or the money markets (over periods up to 50 years) which ever reflects the best possible value for the Council at the time. Individual loans are taken out over varying periods depending on the relative value of interest rates at the time of borrowing need and to avoid wherever possible a distorted repayment profile.

- 4.12 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 4.13 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism. Additional borrowing may be required during 2014/15 to fund any loans made to the Leisure Village project or to fund any additional capital expenditure incurred by the General Fund or HRA.



**MINIMUM REVENUE PROVISION POLICY STATEMENT 2014/15****1****Introduction**

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

**2****Minimum Revenue Provision Policy**

- 2.1 In May 2008 the Council set its MRP policy. As part of the budget setting process this policy is reviewed each year.
- 2.2 The currently agreed policy is that for all expenditure prior to 1 April 2008 which formed the General Fund Capital Financing Requirement (CFR) that is capital expenditure funded through borrowing be charged at 4% of the outstanding balance each year. The exception was public conveniences. The public conveniences element was to be charged over 15 years which was agreed as part of the funding for the refurbishment programme. The policy also agreed that all expenditure giving rise to MRP going forward would be charged over a period reasonably commensurate with the asset life.
- 2.3 The Council's MRP policy for 2014/15 is:
- CFR Method – Whereby the amount of MRP is calculated solely in relation to the CFR for the General Fund without any adjustments at the start of the year. This is the method that the Council has applied since an amendment to the regulations in 2006.
- And
- Asset Life Method – for the public conveniences project completed in 2006/07 which is being repaid over 15 years and all other projects funded from borrowing since April 2008.
- 2.4 It is proposed that this policy continues for 2014/15. However, in the case of long term debtors arising from loans or other types of capital expenditure incurred by the Council which will be repaid under separate arrangements, there will be no MRP made. The Council is satisfied that a prudent provision will be achieved after exclusion of these capital expenditure items.
- 2.5 The Council does not charge MRP on its non-operational assets i.e. those currently under construction. This option is in line with the principle that MRP should only be charged when assets are completed / become operational.
- 2.6 In 2014/15 MRP chargeable to the General Fund will relate to historic debt liability of £1.875m, public conveniences of £0.074m and the new civic centre £2.392m. This gives rise to an MRP liability of £190k for 2014/15 (£193k for 2014/15).

- 2.7 Should any expenditure incurred by the Council not be capable of being related to an asset because for example it is a grant to another organisation's capital project then an asset life will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.
- 2.8 Any finance lease that comes onto the balance sheet via the requirements of International Financial Reporting Standards will already have taken capital financing into account as part of their revenue charges. For this reason they will be excluded from MRP calculations.
- 2.9 Repayments included in finance leases are applied as MRP.
- 2.10 No revenue charge is currently required for the HRA. However under HRA reform the HRA is required to charge depreciation on its assets, which will have a revenue effect. In order to address any possible adverse impact, regulations allow the Major Repairs Allowance to be used as a proxy for depreciation for the first five years.

## **ANNUAL INVESTMENT STRATEGY STATEMENT 2014/15**

### **1. Introduction**

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

### **2. Investment Principles**

- 2.1 All investments will be in sterling. The general policy objective for this Council is the prudent investment of its treasury balances. The Council's investment priorities are:
- the security of capital and
  - liquidity of its investments.
- 2.2 The council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity. The risk appetite of the Council is low in order to give priority to security of its investments.
- 2.3 The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.
- 2.4 Investment instruments identified for use in the financial year are listed in Annex 2 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

### **3. Creditworthiness Policy**

- 3.1 The Council uses the creditworthiness service provided by Capita Asset Services. This employs a sophisticated modelling approach with credit ratings from all three agencies – Fitch, Moody's and Standard and Poors, forming the core element. The credit ratings of counterparties are supplemented with the following overlays:-
- Credit watches and credit outlooks from rating agencies
  - Credit Default Swaps (CDS) spreads to give an early warning of likely changes in credit ratings. CDS spreads are a risk mitigation tool used by the financial markets to help assess the creditworthiness of financial institutions. A CDS is an insurance against debt default.
  - Sovereign ratings to select counterparties from only the most credit worthy countries.
- 3.2 This modelling approach combines credit ratings, credit watches, and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative credit worthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The Council is satisfied that this service along with information from other sources such as the financial press and markets gives an additional level of security for its investments. It is also a service that the Council would not be able to replicate

using in-house resources.

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

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

- 4.1 The Council's funds are managed in-house and are a mixture of cash-flow derived and a core balance available for investment up to 5 years if the market conditions are appropriate. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Core cash balances are derived from reserved capital receipts which are required for repayment of borrowing at a future date of more than 12 months.
- 4.2 Based on its cash flow forecasts, the Council anticipates its cash balances for investment in financial year 2014/15 to range between £14m and £25m. Cash

balances consist of capital receipts, earmarked reserves General Fund and HRA balances and the Council's forecast cash flow. Balances will fluctuate during the year due to income being received in advance of expenditure occurring.

- 4.3 The bank rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 2 of 2016. Bank rate forecasts for financial year ends (March) are as follows: -
- 2013/14 0.50%
  - 2014/15 0.50%
  - 2015/16 0.50%
  - 2016/17 1.25%
- 4.4 There are risks to these forecasts if economic growth remains weaker for longer than expected then rates will remain lower for longer. However, should growth pick up more sharply than expected then rates could increase sooner than forecast.
- 4.5 The Council has budgeted for an average return of 1.25% on its investments for 2014/15. This has been based on the rates currently being offered for investments using a mixture of shorter periods for non-core balances and longer periods (if appropriate) for core balances.
- 4.6 For its cash flow generated balances, the Council will seek to utilise its business reserve accounts and short-dated deposits (over night to three months) in order to benefit from the compounding of interest.
- 4.7 The Council is required to set limits for its investments it would need to contain its exposure to long-dated investments to avoid losses on forced early redemptions. This framework provides a balance between caution and the freedom to take advantage of suitable market opportunities that may arise. Advice is always sought from market information available through the Council's treasury management advisors (Capita Asset Services) before making such a commitment for investment periods of longer than 364 days. This is shown in Table 1.

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

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

**Table 2: Analysis of Core Cash Investments at 3 December 2013.**

Institution	Amount £'000	Start Date	Maturity	Rate
Fife Council	1,000	05/01/12	06/01/14	1.30
Lloyds TSB	3,000	16/10/12	16/10/14	0.98
Lloyds TSB	2,000	01/08/12	01/08/14	3.20
Nat West	1,000	01/10/13	30/09/14	0.79
Nat West	1,000	15/11/13	14/11/14	0.78
Newcastle City Council	3,000	29/11/12	07/05/15	1.00
Newcastle City Council	1,000	21/01/13	28/09/15	1.00
Handelsbanken	3,000	N/A	Call	0.60
Nat West	2,000	N/A	30 Day Notice	0.55
Nat West	795	N/A	Call	0.50
Money Market Funds - Ignis	2,750	N/A	Call	0.39
Total	20,545			

4.8 Table 2 shows an analysis of the Councils cash balances investments as at 3 December 2013.

4.9 Investment instruments identified for use in the financial year are listed at Annex 3 under the following categories:-

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

and

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

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

5 **Investments Defined as Capital Expenditure**

- 5.1 Investments in “money market funds” which are collective investment schemes and bonds issued by “multilateral development banks” – both defined in SI 2004 No 534 – will not be treated as capital expenditure.
- 5.2 A loan or grant or financial assistance by this Council to another body for capital expenditure by that body will be treated as capital expenditure.

6 **End of Year Investment Report**

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

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

- 7.1 The Council uses Capita Asset Services as its external treasury management advisers.
- 7.2 Treasury Management services are also provided by North Yorkshire County Council as part of a wider range of accountancy services provided by the County Council. Services include, but are not limited to supporting the cashflow forecasting, investment decisions, review of lending criteria and quarterly reporting requirements. The potential use of a pooled investment arrangement will also be considered in early 2014/15.
- 7.3 The Council recognises that the responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed on our external service providers.
- 7.4 The Council also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

**THE CAPITAL PRUDENTIAL INDICATORS 2014/15 – 2016/17****1. Introduction**

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

**2. Capital Expenditure:**

- 2.1 This prudential Indicator is a summary of the Council's capital expenditure plans. Members are asked to approve the capital expenditure forecasts summarised in Table 1.

**Table 1: Capital Expenditure**

Capital Expenditure	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
General Fund	1,166	5,502	6,901	1,854	1,965
HRA	5,486	4,342	4,331	4,045	3,394

- 2.2 Other long term liabilities. The above financing need excludes other long term liabilities, such as leasing arrangements which already include borrowing instruments (this includes the leases the councils contractors have for vehicles and equipment within the Street Scene and Leisure Contracts). Table 2 below includes these costs.
- 2.3 As part of our aspirations for Selby District the Council has approved a



'Programme for Growth' which includes a number of revenue and capital initiatives aimed at stimulating activity associated with jobs, housing, infrastructure, retail and leisure. While these strategic initiatives have been included in the capital expenditure plans shown in Table 1, any changes may require the Council to reconsider its borrowing requirements, depending on the external resources it is able to lever towards the programme

- 2.4 The Development Strategy for the Selby and District Housing Trust set out initial proposals on the funding of the Trust by the County Council and HRA. As a result, additional borrowing may be required during 2014/15 to fund any loans made to the Housing Trust or additional capital expenditure incurred by the General Fund and/or HRA.

**Table 2: Financing of Capital Expenditure**

Capital Expenditure	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
General Fund	1,166	5,502	6,901	1,854	1,965
HRA	5,486	4,342	4,331	4,045	3,394
Total	6,652	9,844	11,232	5,900	5,358
Financed By:					
Revenue & Reserves	3,396	6,650	6,340	3,070	2,528
Capital Receipts	827	250	185	185	185
Grants	276	2,050	3,578	145	145
Major Repairs Allowance / Reserve	2,143	895	529	0	0
Borrowing - Debt	16	0	600	2,500	2,500
Borrowing - Leases	0	0	0	0	0
Total	6,652	9,844	11,232	5,900	5,358

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

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

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

**Table 3: Capital Financing Requirement**

	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
CFR General Fund	4,534	4,340	4,450	5,513	6,758
CFR GF Leases	1,393	1,073	719	377	377
<b>Total CFR General Fund</b>	5,926	5,413	5,169	5,890	6,955
CFR HRA	55,747	54,572	53,697	53,772	53,847
<b>TOTAL CFR</b>	61,674	59,986	58,866	59,662	60,803
<b>Movement in CFR</b>	-1,463	-1,688	-1,119	796	1,141
<b>Movement in CFR represented by</b>					
Net Financing need for the year	263	0	600	2,500	2,500
Less MRP & Other financing movements	-1,726	-1,688	-1,719	-1,704	-1,359
<b>Movement in CFR</b>	-1,463	-1,688	-1,119	796	1,141

- 3.2 Following accounting changes the CFR includes any other long term liabilities (e.g. finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. These are also shown in Table 3.
- 3.3 Selby District Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day-to-day cash management, no distinction can be made between revenue and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast the capital financing

requirement reflects the authority’s underlying need to borrow for capital purposes.

- 3.4 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Table 4 shows the estimates of the year end balances for each resource and anticipated day to day cash flow balances.

**Table 4: Year End Resources**

	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
GF Fund Balances / Reserves	8,160	9,313	8,195	8,641	8,919
HRA Fund Balances / Major Repairs Reserve	2,749	4,063	4,985	7,558	11,225
Capital Receipts	859	3,424	517	540	305
Other (Grants)	228	228	228	35	35
Total Core Funds	11,996	17,028	13,925	16,774	20,484
Working Capital	14,900	19,000	18,000	21,000	25,000
Expected Investments	17,459	20,000	20,000	20,000	20,000

**4. Affordability Prudential Indicators**

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

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

	<b>2012/13 Actual</b>	<b>2013/14 Forecast</b>	<b>2014/15 Estimate</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>
	%	%	%	%	%
GF	10.97	8.71	9.16	9.83	6.63
HRA *	31.67	30.73	28.67	27.63	26.63

- 4.3 \* This is the impact of the HRA settlement. The Council no longer pays into the housing subsidy system and keeps all of its income stream to service the debt.
- 4.4 In considering its programme for capital investment, the Council is required within the Prudential Code to have regard to:
- Affordability, e.g. Implications for the Council Tax
  - Prudence and sustainability, e.g. implications for external borrowing
  - Value for money, e.g. option appraisal
  - Stewardship of assets, e.g. asset management planning
  - Service objectives, e.g. strategic planning for the authority
  - Practicality, e.g. achievability
- 4.5 A key measure of affordability is the incremental impact on the Council Tax, and the Council could consider different options for its capital investment programme in relation to their differential impact on the Council Tax.
- 4.6 The estimate of the incremental impact of capital investment decisions agreed as part of the budget, over and above capital investment decisions that have previously been taken prior to the 2014/15 budget setting round are shown in table 6.

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

Capital Investment Impact Upon:	2013/14	2014/15	2015/16	2016/17
	£	£	£	£
Annual Band D Council Tax	1.30	1.16	0.04	0.10
Average Annual Housing Rent	0.01	0.00	0.00	0.00

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

# Selby District Council

## REPORT

Reference: E/13/51

Public – Item 8



**To:** The Executive  
**Date:** 6 February 2014  
**Status:** Key Decision  
**Report Published:** 29 January 2014  
**Author:** Julia Jennison – Policy Officer  
**Executive Member:** Councillor Cliff Lunn  
**Lead Officer:** Karen Iveson – Executive Director

**Title:** Asset Transfer Policy

**Summary:** This Policy allows for consideration of the Transfer of Assets from Selby District Council to Selby and District Housing Trust.

**Recommendation:**

- i) To note the results of the consultation and that no changes have been made as a result to the draft Asset Transfer Policy and
- ii) To recommend that Council approve the policy

**Reasons for recommendation**

The Asset Transfer Policy will assist with delivery of the Housing Development Strategy by allowing consideration of Council assets for possible transfer to the Housing Trust. These assets would be developed to help deliver additional affordable housing in the district.

## 1. Introduction and background

- 1.1 The Executive report of 7<sup>th</sup> November 2013 set out the background to the Asset Transfer Policy, which will enable the transfer of SDC owned buildings, land or void housing subject to individual business cases and the relevant approvals.
- 1.2 The diagram at 4.3 of the Policy shows the process by which these development mechanisms would be considered, and should be read alongside the flowchart at 5.2.

- 1.3 An Evaluation sheet is provided to align with the requirements of the Asset Management Strategy, and a checklist is provided at 5.11.
- 1.4 Once a potential opportunity has been identified, the business case will dictate the best way forward, and establish whether or not transfer to the Trust is appropriate.
- 1.5 Any transfers to the Trust would be by means of private sale subject to the relevant authority and consents. As part of a business case the Council may impose conditions, covenants, buy-back clauses, overage clauses and any other terms or conditions upon any asset transfer as it considers appropriate
- 1.6 Most transfers will require Executive approval as a key decision, whether the asset sits in the HRA or General Fund. In addition, various central government consents may be needed according to the type of land/asset.
- 1.7 Public consultation on the draft Policy ran between 18<sup>th</sup> November and 30<sup>th</sup> December 2013.

## **2. The Report**

- 2.1 The draft Asset Transfer Policy was advertised on the Council's website from 18<sup>th</sup> November to 30<sup>th</sup> December 2013, but no responses have been received.
- 2.2 It was also considered on the agenda of the regular Registered Provider Liaison meeting on 14<sup>th</sup> November 2013. The Homes & Communities Agency commented that if local authority owned sites are not available to Registered Provider partners, affordable housing delivery will be difficult. Attendees also expressed concern generally regarding future Section 106 opportunities for them once the Trust is up and running.
- 2.3 A short presentation was given to the Tenant Scrutiny Panel when they met on 26<sup>th</sup> November 2013, and they were invited to respond to the consultation either individually or as a group.
- 2.4 Policy Review considered and discussed the draft Asset Transfer Policy on 17<sup>th</sup> December, with no proposed amendments or additions.
- 2.5 The Asset Transfer Policy should be read in conjunction with the Asset Management Strategy.
- 2.6 An Equality Impact Assessment has been completed on the Policy.

## Timescale

2.6 The time line for the progression of the Asset Transfer Policy is scheduled below.

Date	Event	Action
7 November	Executive	Consideration of draft Policy
18 November to 30 December	Public Consultation	
14 November	Registered Provider consultation	As part of consultation
26 November	Tenant Scrutiny Panel consultation	As part of consultation
17 December	Policy Review	As part of consultation
6 February 2014	Executive	To consider results of consultation and recommend policy to Council
25 February 2014	Council	Policy Adopted

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

### Legal Issues

- 3.1 This policy is referred to Council for approval as it relates to the Asset Management Strategy which is one of the documents in the policy framework of the Council.
- 3.2 Ongoing legal advice will be sought to inform our approach to transfers in line with the policy, and will be required as part of each business case.
- 3.3 The Council will need to be clear that the disposal or transfer represents Best Value.

### Financial Issues

- 3.4 Financial input will be required as part of each business case.
- 3.5 The Council will need to be clear that the disposal or transfer represents Best Value.

#### **4. Conclusion**

- 4.1 The Asset Transfer Policy will provide an opportunity for the Council to manage its assets more effectively, to deliver additional affordable housing in the district in accordance with the Housing Development Strategy.

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

Executive Report 7<sup>th</sup> November 2013  
Housing Development Strategy 2013  
Asset Management Strategy 2010-15  
Housing Revenue Account (HRA) Business Plan 2012-17

#### **Contact Details**

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#### **Appendices**

Appendix A – Final Asset Transfer Policy 2014



### **Selby District Council Asset Transfer Policy 2014 (A Policy for the Transfer of Assets to Selby & District Housing Trust)**

#### **1 Introduction and Purpose**

- 1.1 To enable transfers of land and property to Selby & District Housing Trust (the Housing Trust) in order to make best use of the Council's assets.
- 1.2 The policy will enable the transfer of Selby District Council (SDC) owned buildings, land, void housing or any other assets, subject to individual business cases and the relevant approvals.

#### **2 Policy Context**

- 2.1 There are a number of existing plans and strategies which provide the framework for asset transfer within the context of Selby District Council's strategic aims.
- 2.2 **Selby District Council's Corporate Plan 2011-2015**  
The Council is committed to achieving five big things for the district:
  - We want to be a stronger council, fighting for our communities and getting everyone working together.
  - We want to change the perception people have of Selby district as a place to live, work, bring up their families and spend their time and their money.
  - We will strive to ensure that people are living well by providing better opportunities for learning, training, jobs, housing and leisure.
  - We want to be confident in our ability to tackle the tough stuff that holds back our potential and that of our communities, and
  - We want to be switched on to what's happening around us, knowing what's important to the people we serve and being fit to deliver it.
- 2.3 Building on these five targets, we launched our **Programme for Growth** in 2012, which focusses on the key issues of new jobs, housing, local infrastructure, retail and leisure.
- 2.4 As part of this programme, an independent Housing Trust will be set up to deliver new and refurbished affordable homes in the district, to meet need, support local construction and increase opportunities for jobs and wealth creation.
- 2.5 Our **Asset Management Strategy** 2010-15 provides a plan whereby the Council can balance the investment required with the resources available to achieve the objectives of the Corporate Plan and other Council strategies.
- 2.6 It requires the Council's assets to be managed in the most effective, efficient and economical manner, with the objective to ensure that every opportunity is taken to fully utilise the benefits of assets.
- 2.7 The **Housing Revenue Account (HRA) Business Plan** 2012-17 sets out how the Council, as the major landlord in Selby District, plans to manage its stock.

- 2.8 In addition to investing £15m million in our 3,150 homes over the next 5 years, it sets out our commitment to consideration of the wider use of our land and property holdings in the context of the abolition of the old Housing Subsidy System in favour of self-financing.
- 2.9 This will include looking at the opportunities presented either by developing new affordable housing ourselves within the HRA, or by working with the new Housing Trust to enable them to develop affordable homes.
- 2.10 Our **Empty Homes Strategy** 2013-16 identifies the scale of empty homes in Selby district, and explores the approaches and resources required to bring them back into use.
- 2.11 As part of this work, we will review best use of void Council homes and properties, as well as working with the owners of other public and privately owned stock.
- 2.12 An element of funding for the development of affordable homes, either new build or refurbished, will be made available through our emerging planning policies; see below.
- 2.13 The **Core Strategy** was adopted in 2013, Policy SP9 (formerly CP5) requires all new housing developments to contribute in some way towards meeting housing need, wherever the viability of the development allows. For schemes providing less than 10 dwellings, a commuted sum is required with a target contribution equivalent of up to 10% affordable units.
- 2.14 For schemes providing 10 or more dwellings, in certain circumstances, a commuted sum may be accepted as all or part of the affordable housing contribution (detail is set out in the AHSPD, Appendix 1).
- 2.15 An **Affordable Housing Supplementary Planning Document (AHSPD)** 2013, is being developed to deliver the Core Strategy, which includes the range of approaches, standards and mechanisms required to deliver affordable housing which meets local needs
- 2.16 Contributions received by way of commuted sums will be held in a fund and used to meet the provision of affordable housing in the District in accordance with the S106 requirements for each sum.
- 2.17 The **Housing Development Strategy** 2013, sets out Selby District Council's plans to contribute to the development of additional affordable housing in the district, concentrating on the contribution the Council itself can make.
- 2.18 It outlines two mechanisms for the Council to increase its affordable housing stock; initially concentrating on the opportunities provided by using Council owned land.
- 2.19 Building on these plans and strategies, this Asset Transfer Policy will provide the framework for consideration of when transfer to the Housing Trust would be beneficial to the Council's vision and objectives.

### 3 Strategic Consideration of Asset Disposal/Transfer

3.1 The Asset Management Strategy (extracts in italics) sets out that:

*To manage the assets of the Council effectively, economically and efficiently in a manner which supports the delivery of the Council's Corporate Plan, Access Selby will pursue the following objectives:*

- *To ensure the assets are fit for purpose and maintained to the required standard;*
- *To utilise assets in a sustainable way to support the Council's strategic policies;*
- *To work with partners and community groups to maximise the use of assets for the benefit of the local community;*

3.2 *All assets will be periodically evaluated through an **Asset Value Survey** to consider their:*

- *Condition*
- *Suitability – or fitness for purpose*
- *Sufficiency –reflecting both demand for and sustainability of an asset*
- *Net Costs – of running the asset*
- *Accessibility –Firstly linked to the Disability Discrimination Act and the extent to which the asset is accessible to service users and people with disabilities, and secondly concerned with accessibility more generally*
- *Value*

3.3 The asset is re-valued every 5 years with a desktop revaluation every year. Further detail is provided in the Asset Management Strategy.

3.4 In addition to this periodic consideration, assets may be reviewed at other stages, such as to enable a scheme or project to progress, or when HRA housing stock comes void.

3.5 Following review, the strategy may recommend any of the following actions:

- *Re-evaluation of rental value; or*
- *Incentives such as rent free periods, bespoke lease terms outside of the standard lease agreement (such as non-Full Repairing and Insuring leases), short term lets; or*
- *Professional assistance (such as planning advice, legal advice etc); or*
- *Waiving of fees; or*
- *Decorating, repairs and/or alterations*
- *Disposal*

3.6 *Where monitoring or review demonstrates that retention of assets is no longer in the public's interest, for example:*

- *where the costs of maintaining the asset are beyond its market value; or*
- *where the income from the asset is less than could be achieved through other means (such as bank interest on the capital achieved through sale); or*
- *where the sale of the asset would enable alternative assets to be acquired or provide the opportunity for an acquisition*
- *where the asset has ceased to be of use to the Council or Access Selby, but still has a useful life; or*
- *for other justified reason*

consideration may be given to the disposal of the asset.

- 3.7 *Disposal means to sell either*
- *the Council's freehold interest in the land, property or void home or*
  - *to grant a leasehold interest to a buyer with the Council retaining its freehold interest in the land, property or void home.*
- 3.8 *Disposals of assets will be made in accordance with:*
- *statutory provisions;*
  - *Corporate objectives;*
  - *the policies and procedures recorded in the Council's Constitution and this policy document;*
  - *the proper council authority having been obtained*
  - *external consents obtained*

Transfers to the Trust would be by means of private sale.

- 3.9 The asset may be transferred by way of sale or gift to the Trust at less than market value, subject to business case which should include reference to state aid. Where assets are disposed of for less than the best price the Council can achieve, it will only do so in accordance with the guidance set out in Circular 06/03 Local Government Act 1972: General Disposal Consent (England) 2003.
- 3.10 Where a disposal forms part of a mixed transaction involving the procurement of public "works", "supply" or "services the Council must consider whether the disposal amounts to procurement rather than a simple land transaction in which case the Council's Contract Procedure Rules and EU Procurement Regulations may apply. Legal advice must be sought from the Council's Solicitor.
- 3.11 Conditions may be applied to a sale (the section in italics is from the Asset Management Strategy):

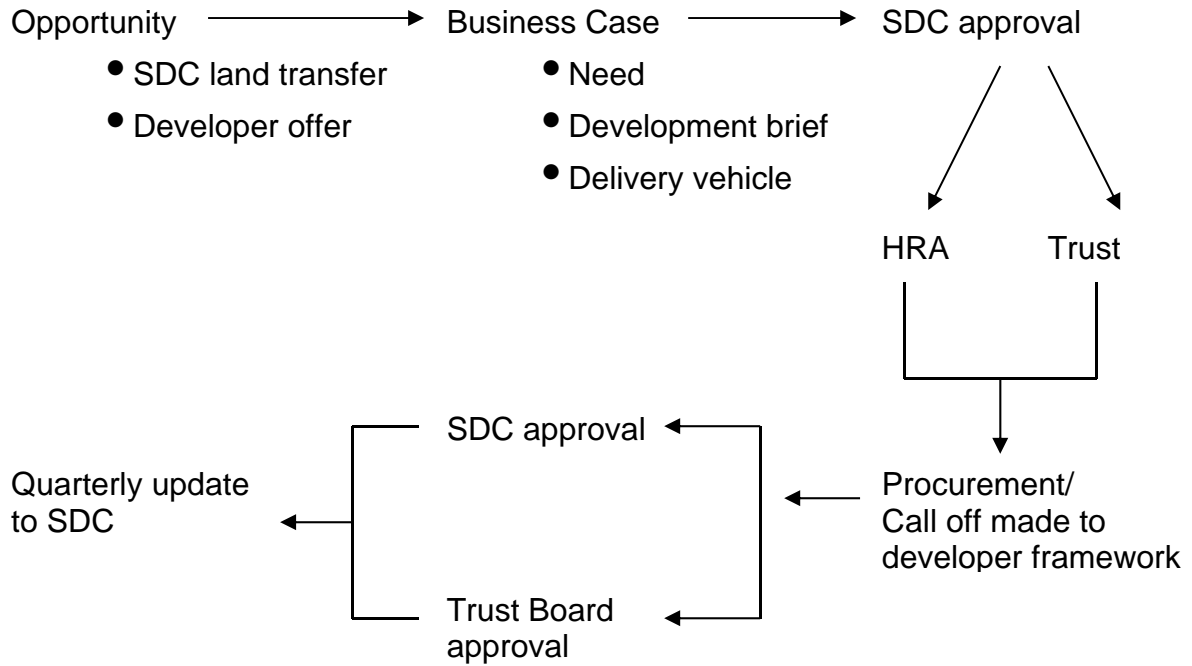
*As part of a business case the Council may impose conditions, covenants, buy-back clauses, overage clauses and any other terms or conditions upon any asset transfer as it considers appropriate. Such actions would be placed in the interest of the community, either to ensure best value, or in the interests of public safety/security. Each transfer will be considered on its own merits and any conditions would be agreed as part of the sale prior to conclusion and with the consent of the Secretary of State.*

## 4 **Options**

- 4.1 The Council works in partnership with Registered Providers in the district to enable the development of affordable homes to meet identified housing need.
- 4.2 In addition, there are two mechanisms available to the Council to increase affordable housing stock; properties could be
1. developed and financed through the HRA, or
  2. developed through a Housing Delivery Vehicle, Selby Housing Trust, established to develop affordable homes in Selby District.
- 4.3 The diagram below shows the process by which these development mechanisms would be considered. Once a potential opportunity has been

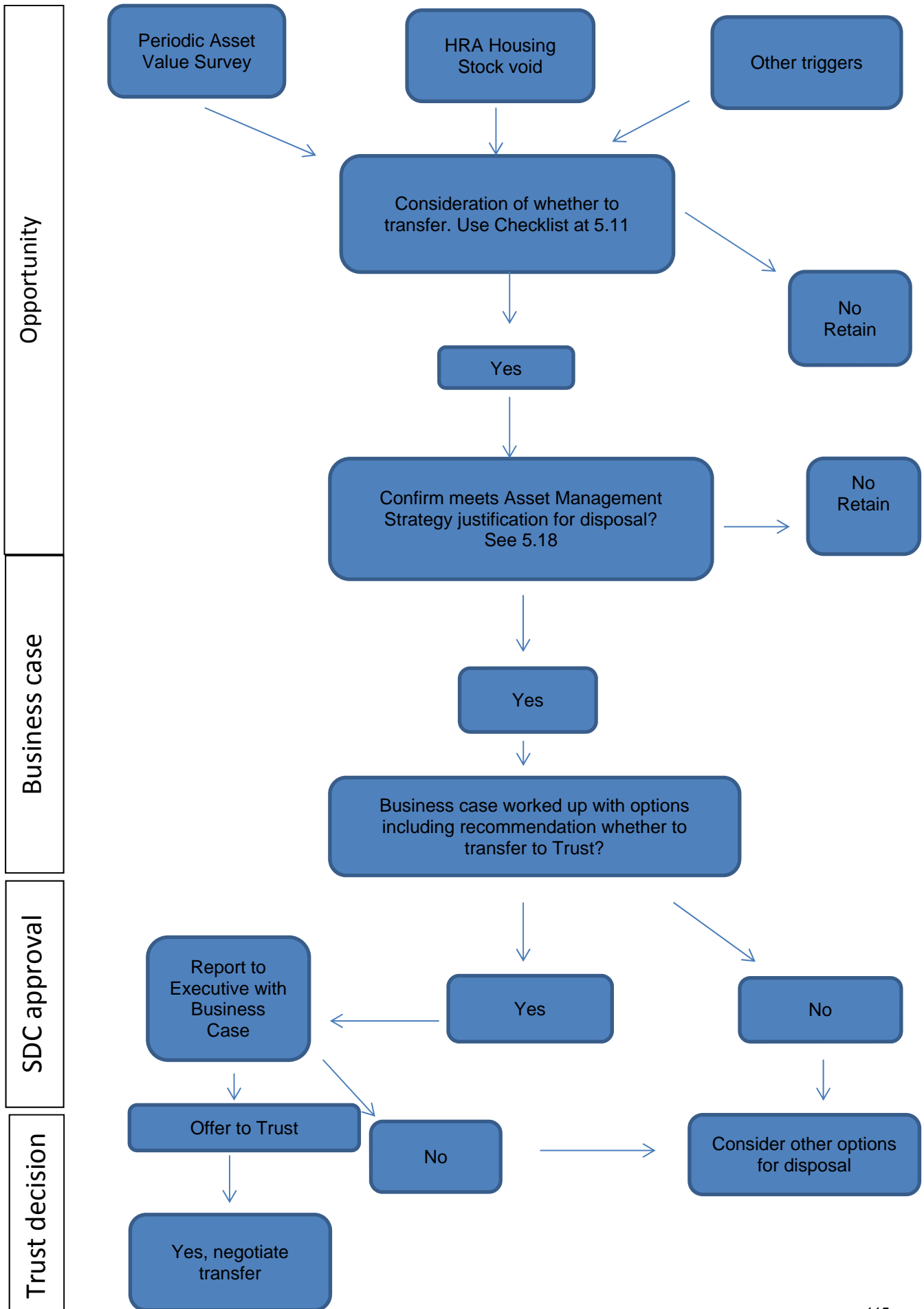
identified, the business case will dictate the best way forward, and establish whether or not transfer to the Trust is appropriate.

### Development Mechanisms



## 5 Disposal/transfer to the Trust - Issues to consider

5.1 Set out in the previous section, taken from the Asset Management Strategy, are the processes by which an asset may be selected for disposal or transfer; either as part of a periodic review, or as a result of a particular trigger. Building on the diagram above, the flowchart below sets out the process.



- 5.3 Criteria must be identified to enable clarification of the reason for the Council initially to consider the asset for disposal. With reference to the Asset Management Strategy, it is likely that the triggers would be:

#### **Periodic Asset Value Survey**

- 5.4 *All assets are periodically evaluated (as set out in the Strategic Asset Management Plan) to consider their:*

- *Condition – This considers the physical state of the asset and evaluates the repairs required to keep the asset in continued use. It may be more cost effective to replace an asset outright than to continually repair it.*
- *Suitability – This measure effectively reflects fitness for purpose of an asset and encompasses views of those involved in front line service delivery, and taking into account the needs of service users. It goes beyond condition and is concerned with how well or otherwise the asset is suited to its current purpose.*
- *Sufficiency – This measure reflects both demand for and sustainability of an asset. Sufficiency is concerned with asset use now and in future. It is a crucially important indicator as it helps to identify both under-utilised assets for possible disposal or reconfiguration, and situations where there is a developing risk of over-utilising an asset and the need for additional/alternative assets to meet demand.*
- *Costs – The costs of running the asset must be compared with the revenue it generates.*
- *Accessibility – This covers two distinct areas. The first is linked to the Disability Discrimination Act and the extent to which the asset is accessible to service users and people with disabilities. The second is concerned with accessibility more generally e.g. specialist equipment that can only be utilised by suitably trained staff.*
- *Value – A list of financial values of assets acts as a reliable inventory check and provides accurate, appropriate valuation information to assist in decision making.*

#### **HRA Void Housing Stock**

- 5.5 When a home comes void, consideration could be given to whether its continued use should sit with the Council, or whether wider strategic aims might be met by transferring it to the Trust, for instance where major works are required, in order to facilitate wider development, or where the stock of affordable housing needs to be preserved eg where it sits in a rural location where the development of additional affordable housing would be unlikely. For practical purposes, it may be necessary to set out some parameters for this – see 5.8.

#### **Other triggers**

- 5.6 Over time it may be established that some assets are low demand, and a reassessment of their use and potential may be appropriate. Ongoing project work or review such as a Stock Condition Survey may flag up the need for a wider consideration of an asset, its use and ownership

#### **General**

- 5.7 Initially, the concentration will be on the use of council owned land, and whether it provides opportunities for the development of new affordable housing through the Trust.

- 5.8 For void housing stock, it may be practical to identify certain types of hard to let or low demand units (for example by unit size, or by specified locations in the district) where transfer might be considered, in order to avoid consideration of each individual property coming void. This would reduce delays in re letting (existing HRA stock or as new lets through the Housing Trust, dependent on the outcome) to potential residents in need of housing, and minimise the loss of income.
- 5.9 For other assets this may not be so critical, and review would generally be led by the periodic asset value survey.
- 5.10 An evaluation sheet should be used to ensure that the requirements of the Asset Management Strategy are met. If at any point it becomes apparent that there is no opportunity for additional affordable housing to be developed through the Trust, the process will cease.
- 5.11 The checklist should include:

<b>Evaluation</b>	<b>Comments</b>	<b>Existing Housing stock</b>
Consideration of current use and possible alternative use, including any planning constraints, flood risk, knowledge of the immediate area		n/a
Does the alternative use provide an opportunity for the Trust to provide affordable housing?		n/a
Cost and best value in proceeding		
Financial issues including potential loss to the General Fund or HRA and repayment of the debt		
Potential to enable other Trust schemes to progress eg adjacent to other Trust landholdings, potential access to sites, ransom strips		
Whether it would be a freehold or leasehold transfer and the advantages/disadvantages of each		
Other Legal issues		
Wider benefit to the community		
Other considerations		



- 5.12 With the benefit of this evidence a Business Case can be made for the transfer/disposal of the asset, and consideration of whether the asset would be suitable for transfer to the Trust. Opportunities should enable the development of affordable housing either directly through the disposal of a void property or the provision of land to build affordable housing, or indirectly through the transfer of land or property which would enable an affordable scheme to progress.
- 5.13 Where Council owned land is identified for affordable housing development, the type of scheme developed will be led by identified housing need, including evidence from the latest Strategic Market Housing Assessment and the Council's Housing Register. More information can be found in the Councils Affordable Housing Supplementary Planning Document.
- 5.14 Where a decision is made to transfer an asset to the Trust, the valuation will include consideration of whether the transfer should be freehold or leasehold, and include the cost/benefit of each. Reference should be made to Circular 06/03.
- 5.15 As the owner of the asset, the Council will have the opportunity of setting out its requirements of the proposed development in terms of
- the type and size of housing to be developed
  - the development timescale
  - design/quality assurance
  - covenants on land where appropriate
  - overage agreements where applicable
  - option/pre-emption agreements
  - loan agreements where applicable
- 5.16 However, it will not be possible to use a buy-back clause without express approval from the Secretary of State.
- 5.17 Where assets are transferred to the Housing Trust it may be necessary for affordable schemes to be cross subsidised by market housing, and consideration of this option would be considered in the usual way through the planning process, and set out in the business case.
- 5.18 As part of the Business case, *where monitoring or review demonstrates that retention of assets is no longer in the public's interest, for example:*
- *where the cost of maintaining the asset are beyond its market value; or*
  - *where the income from the asset is less than could be achieved through other means (such as bank interest on the capital achieved through sale); or*
  - *where the sale of the asset would enable alternative assets to be acquired or provide the opportunity for acquisition*
  - *where the asset has ceased to be of use to the Council or Access Selby, but still has a useful life; or*
  - *for other justified reason*

this will need to be clearly evidenced.

## **6 Process**

- 6.1 This document has outlined a framework for the above process to ensure full consideration by officers and Members, and fit with the processes laid out in the Asset Management Strategy

### **Internal approvals.**

- 6.2 Most transfers will require Executive approval as a key decision.
- 6.3 The report to Executive will need to set out
1. the reason that the disposal is in the public interest, and
  2. a breakdown of the costs of disposal and how these will be funded
  3. whether the asset will be replaced and how it will be funded

### **Officer delegation**

- 6.4 Where an asset is valued at less than £15k, directors have delegated powers in consultation with S151 Officer/Solicitor to the Council

### **External approvals**

- 6.5 Various central government consents may be needed according to the type of land/asset.

## **7 Potential Risks**

- 7.1 Risks which the Council will need to take into consideration are;
- any longer term opportunity which might be provided by the asset, including possible ransom strip or strategic transfers
  - the financial impact on the HRA of the Council reducing its housing assets, or on the General Fund
  - the impact on the practical management arrangements for its housing stock
  - any economies of scale relating to housing management
  - ensuring that opportunity is taken to protect any long term interest in the asset in the terms of the transfer/disposal
  - emerging projects considered by different teams

Each case will need to be fully evaluated to ensure risk is minimised.

- 7.2 In terms of Council housing stock, the new Right to Transfer (Autumn 2013) gives tenants the right to the transfer of their homes to a Housing Association (Registered Provider) and to request new homes be built. If this were to happen, the Council would own fewer individual homes which could be considered for transfer to the Trust.

## **8 Potential Benefits**

- 8.1
- The policy will enable additional affordable housing to be developed to meet housing need in the district
  - It will help the Council sustain the HRA through external property management
  - It will provide employment opportunities in the district

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<sup>i</sup> Local Government Act 1972 general disposal consent (England) 2003 disposal of land for less than the best consideration that can reasonably be obtained

<sup>i</sup> General Consents 2003 and 2013; Housing and Regeneration Act 2008, Local Government Act 1988

# Selby District Council

## REPORT

Reference: E/13/52

Public – Item 9



**To:** The Executive  
**Date:** 6 February 2014  
**Status:** Key Decision  
**Report Published:** 29 January 2014  
**Author:** Kevin Ross – Senior Finance Officer  
**Executive Member:** Cllr C Lunn  
**Lead Officer:** Karen Iveson, Executive Director (and S151)

**Title:** Housing Rents 2014/15

### Summary:

This report presents proposals for Housing Revenue Account rent levels in accordance with Central Government's policy on rent restructuring. Based on the Government's formula for rent increases, an average increase of 5.1% would be applied for 2014/15.

The government are consulting on proposals to replace this methodology one year early (for 1 April 2015) instead of a new method from 1 April 2016. This has the impact of many dwellings not meeting their convergence formula (target) rent and reducing the base budget going forward.

Bearing this in mind, it is proposed to apply the maximum increase allowed through the policy to those properties below formula rent giving an average increase of 5.6%.

### Recommendation:

- i. The Executive approve the proposed 5.6% average rent increase for 2014/15.
- ii. The Executive request that Policy Review Committee consider the implications for existing tenants wishing or needing to downsize, of re-letting vacant properties at target rents, and whether recommendations are required for an appropriate policy in such circumstances.

### Reasons for recommendation

To allow rent levels to be set in advance of the coming financial year within the constraints of Government rent restructuring policy.

## **1. Introduction and background**

- 1.1 Under the Government's rent restructuring policy, formula data was provided by the Department for Communities and Local Government (DCLG) to ensure similar rents for similar properties in similar areas, are calculated over a transitional period. When convergence is achieved Housing Associations and Local Authorities will use the same formula for setting rent levels, which will ensure that tenants pay similar rents for similar properties regardless of whether the landlord is a Registered Social Landlord (RSL) or a Local Authority.
- 1.2 2014/15 will be the thirteenth year of the transitional period during which actual rents are moving towards formula (target) rent levels under the rent-restructuring scheme.
- 1.3 The transitional period for convergence looks set to end and it is proposed that 2014/15 will be the final year instead of 2015/16. From 2015/16 the model for rent calculation is set to change to increases of CPI plus 1% (this increase applies to both formula and actual increases). This is under consultation until 24 December 2013.
- 1.4 The move to CPI instead of RPI follows the Office for National Statistics announcement in January 2013 that the formula used to produce the Retail Price Index does not meet international standards. As a result the Government is looking to move to the Consumer Price Index, this change puts rent on a more stable footing: CPI has been less susceptible to sudden changes than RPI in recent years.
- 1.5 The Government plans to commit to this policy for ten years – until 2024/25, which is intended to give long term certainty and stability on rents.
- 1.6 Where a property is not at formula rent by 2014/15, the Government expect that from April 2015 following a vacancy, the property is re-let at formula, thereby the rent need not remain below formula rent permanently. There may be a risk of higher rents for tenants wishing or needing to down size and therefore further work is required to fully understand the implications in relation to the Council's housing stock and to potentially devise an appropriate policy in such circumstances.
- 1.7 The Policy Review Committee are currently considering the implications of the 'Spare Room Subsidy' for our rent and related policies and it is proposed that the committee be asked to consider this issue as part of that work.

## **2. The Report**

- 2.1 The 2013/14 weekly average rent, set on a 48 week basis is £79.19.
- 2.2 Formula rent increases are calculated using the previous year's formula rent, increased by Retail Price Index (RPI) + ½%. RPI for the formula is taken at September of the preceding year i.e. 3.2% for September 2013.
- 2.3 The maximum any rent can increase follows the principal of Retail Price Index (RPI) + ½% + £2 per week for the remaining rent-restructuring period. Assumptions have been made that CPI + 1% will be used going forward using CPI at September 2013 at 2.7% for budget purposes.

2.4 Under current guidance applicable to 2014/15 there are two years of the restructuring period remaining. The proposed increase driven by the revised method to mitigate slightly lower future increases is to apply the maximum increase allowable under rent restructuring policy of Retail Price Index (RPI) + ½% + £2 per week effectively removing the 2 year transition to 1.

2.5 **Average Rent Charges on a 48 week basis**

Year	2014/15 Current Method	2014/15 Proposed Increase	2015/16	2016/17
<b>Actual Rent £</b>	83.20	83.56	86.65	89.86
<b>% Increase</b>	5.1	5.6	3.7	3.7
<b>Formula Rent £</b>	85.48	85.48	88.64	91.92
<b>% Increase / (Decrease)</b>	3.7	3.7	3.7	3.7
<b>Difference Actual vs Formula £</b>	2.28	1.92	1.99	2.06

2.6 The above table shows the formula rent against the actual rent to be charged to tenants. Formula rent is the rent target for our dwellings to be comparable with Registered Social Landlords. 2015/16 and 2016/17 increases are based upon the 2014/15 proposed increase.

2.7 For 2014/15 following the model there will be 2844 properties still not converging with the Formula Rent, of these, 538 will be lower than formula by more than 5%. Utilising the proposed maximum increase would still leave 1170 properties not converging and again 538 will be lower than formula by more than 5%.

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

**3.1 Legal Issues**

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

**3.2 Financial Issues**

3.2.1 The rent yield from the proposals in this report are summarised as follows:

	2013/14 (£000)	2014/15 (£000)	2015/16 (£000)	2016/17 (£000)
<b>Draft Budgeted Rent (£k)</b>	11,742	12,267	12,725	13,202
<b>Proposed / Estimated Rent (£k)</b>		12,283	12,697	13,167
<b>Increase / (Decrease) (£k)</b>		16	(28)	(35)
<b>Annual Increase (£k)</b>		541	414	470

Under the HRA self financing regime, the Council keeps all of the rent collected and no longer has to pay subsidy. The amount of debt the Council took on as part of this change was influenced by rent income projections based on formula rent convergence. Rent generated is utilised to service the debt incurred, invest in maintaining our housing stock and new build opportunities as well as cover the running costs of our Housing Revenue Account service.

- 3.2.2 The move to a CPI based increase will give lower increases going forward which is good headline news for tenants but has a negative impact against the self-financing business plan, meaning that in the longer term there will be less resource for re-investment in our housing stock. The business plan assumed increases of 5% but it is not known what CPI will be for September 2014 (for 15/16 rent setting). Current CPI (Nov 13) is 2.1% which would give a total increase of 3.1%. Every 1% lost has an impact of approximately £105k.

#### **4. Conclusion**

Approval of the rent increase is fundamental to the continuation of funding of the HRA. A rise of 5.6% is higher than the current level of inflation but is necessary to assisting meeting the financial commitments of the HRA including debt repayment and maintenance of stock.

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

None

##### **Contact Details**

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# Selby District Council

## REPORT

Reference: E/13/53

Public – Item 10



**To:** The Executive  
**Date:** 6 February 2014  
**Status:** Non Key Decision  
**Report Published:** 29 January 2014  
**Author:** Chris Smith and Caroline Sampson Paver  
**Executive Member:** Councillor Mark Crane  
**Lead Director:** Mark Steward

### Title:

**Access Selby 3<sup>rd</sup> Interim Key Performance Indicator Progress Report:  
April 2013 – December 2013**

### Summary:

This report provides details of Access Selby key performance indicators following the 3<sup>rd</sup> quarter of reporting for the financial year 2013/14, and recommends appropriate action where required.

### Recommendations:

**It is recommended that the Executive approves the report.**

### Reasons for recommendation

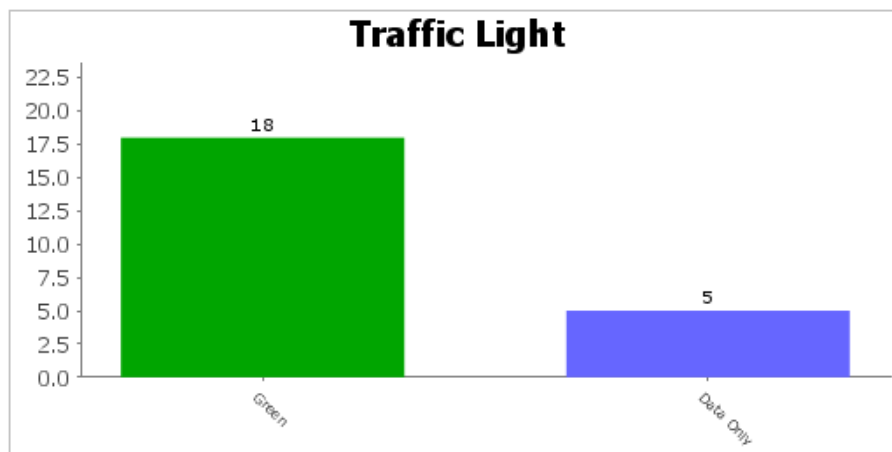
The ongoing management of performance and improvement data assists Access Selby in achieving its priorities for 2013/14.

#### 1. Introduction and background

- 1.1 Performance indicators for the relevant period together with appropriate commentary from officers are shown at Appendix A.
- 1.2 A total of 23 key performance indicators have been created and divided into four themes: *customer and community, learning and growth, process and finance*. These four themes form the basis of the

'balanced scorecard' approach, and are designed to support the long-term sustainability of the organisation.

## 2. The Briefing Paper



- 2.1 Based on the monthly and quarterly performance data, results have exceeded target on 18 indicators following quarter 3 reporting. The data only indicators present a baseline position from which targets will be set.
- 2.2 Year on year improvements are evident in the performance indicators for percentage of urgent repairs completed within agreed timescales and invoices paid on time. In Benefits & Taxation the recovery plan adopted at the beginning of the year has seen a sustained improvement in the overall performance of the team and the percentage of benefit claims / changes processed within 5 days.
- 2.3 Work continues in key project areas such as Business Intelligence, which will further deliver on the SLA requirements.

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

- 3.1 Subject to the actions determined by councillors to address weakness identified, there are no financial implications arising from the contents of this report.
- 3.2 Any actions identified for improvements to performance would need to be properly assessed for financial implications and, if required, approval for any additional funding sought and such issues would be highlighted in the budget exceptions report elsewhere on the agenda.

## 4. Conclusion

- 4.1 In summary, the Access Selby performance indicators have exceeded target for each performance indicator where data has been presented. A number of the indicators are at the same levels as before the re-



structure with performance in urgent repairs, re-lets and benefits processing achieving a higher level of performance than in 2010.

- 4.2** Mechanisms have been put in place to resolve ongoing performance issues throughout the year. Further work continues on the average time to re-let properties and % of application's considered under scheme of delegation to ensure we continue to meet target for the remainder of the year.
- 4.3** Additionally, development of performance measures, and other development projects within the SLA need to be kept under regular review, and be afforded the necessary priority in the work plans of Access Selby and The Core, so that targets may be achieved.

**5. Background Documents**

None

**Contact Details**

**Chris Smith**

Lead Officer – Data & Systems Access Selby

**Caroline Sampson Paver**

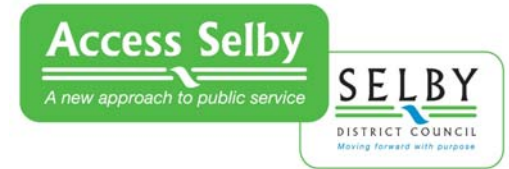
Commissioning & Performance Officer, Core Selby

**Appendices:**












**Appendix A –**

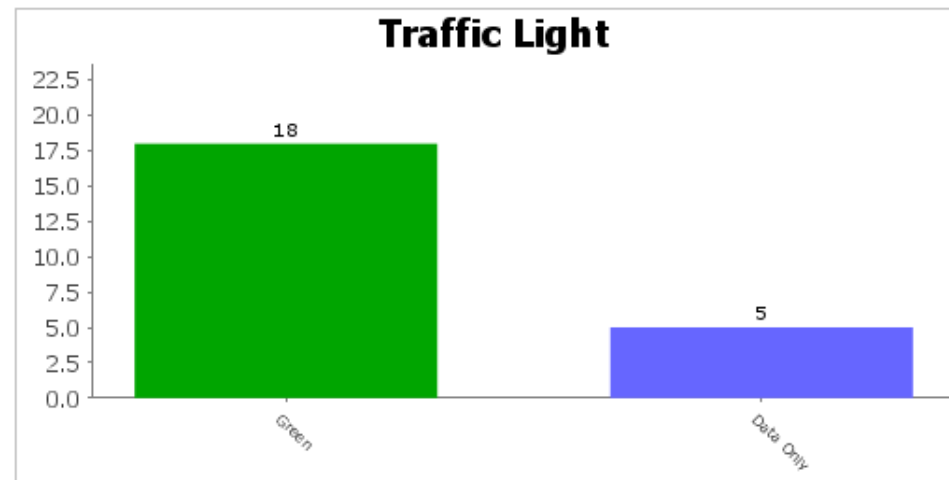
Access Selby 3<sup>rd</sup> Interim Key Performance Indicator Report: April 2013 – December 2013

# Access Selby 3<sup>rd</sup> Interim Key Performance Indicator Report: April 2013 – December 2013



**Report Type:** PIs Report  
**Report Author:** Data & Systems  
**Generated on:** 17 December 2013







PI Status		Long Term Trends		Short Term Trends	
	Alert		Improving		Improving
	Warning		No Change		No Change
	OK		Getting Worse		Getting Worse
	Unknown				
	Data Only				



Code	Short Name	Direction of Travel	Current Target	Current Value	Short Term Trend Arrow	Long Term Trend Arrow	Traffic Light	Quarter 3 2012-2013 Performance	Latest Note
SLA_001	% of satisfied customers	<b>Aim to Maximise</b>	70.00%	<b>98.48%</b>	↓	↑	🟢	98.35%	<p><b>How are we doing / Moving Forward?</b></p> <p>A total of 4,541 satisfaction surveys have been completed for the period 1 April 2013 to 18 December 2013 with 4,472 customers satisfied with the service received. Surveys are now collected from the Duty Planning Officer role and Housing Options service following successful roll out of the surveys across the Assets, Benefits, Community Officers and at the Customer Contact Centre.</p>
SLA_002	% of contact 'right first time'	<b>Aim to Maximise</b>	90.00%	<b>91.75%</b>	↑	↑	🟢	90.50%	<p><b>How are we doing / Moving Forward?</b></p> <p>Total of 113,504 contacts were made to the CCC for the period 1 April 2013 to 17 December 2013 with 106,951 contacts made for the same period in 2012-2013. A total of 104,138 were dealt with at 1st point of contact(This good performance links to SLA001)</p>
SLA_003	% satisfied with street cleanliness	<b>Aim to Maximise</b>	80.00%	<b>85.00%</b>	▬	▬	🟢	85.00%	<p><b>How are we doing / Moving Forward?</b></p> <p>As we no longer carry out formal satisfaction surveys we have developed a method of measuring performance based on targeted complaints and response times. These categories have been weighted and individual targets have been set. Between October and November performance was as follows:</p> <p>We have so far achieved target on 5 out of the 5 service areas which gives us a 'satisfaction' level of 100% for October and November. Data for December is not yet available.</p> <p>This is an annual KPI which is reported on a quarterly basis. The annual target is 80% and we expect to achieve this target by year end.</p>

Code	Short Name	Direction of Travel	Current Target	Current Value	Short Term Trend Arrow	Long Term Trend Arrow	Traffic Light	Quarter 3 2012-2013 Performance	Latest Note
SLA_004	% satisfied with leisure facilities provided on behalf of the Council	<b>Aim to Maximise</b>	70.00%						<b>How are we doing / Moving Forward?</b>  This is an annual target and is measured through an external suit of satisfaction surveys WLCT commission for all their sites and is carried out in March.
SLA_009.1	% or repairs to council-owned properties completed within agreed timescales (EMERGENCY/URGENT REPAIRS combined)	<b>Aim to Maximise</b>	95.00%	<b>99.06%</b>				95.88%	<b>How are we doing / Moving Forward?</b>  Target continues to be met and sustained. YTD performance has improved by 3% against the same period in 2012-2013 with demand down by 57 repairs over the same period.
SLA_009.2	% or repairs to council-owned properties completed within agreed timescales (NON-URGENT REPAIRS)	<b>Aim to Maximise</b>	90.00%	<b>98.46%</b>				98.81%	<b>How are we doing / Moving Forward?</b>  Target continues to be met and sustained with slight variance month on month. YTD performance has decreased by 0.48% against the same period in 2012-2013.
SLA_010	Average time taken to re-let local authority housing	<b>Aim to Minimise</b>	24.0 days	<b>22.0 days</b>				21.2 days	<b>How are we doing / Moving Forward?</b>  22.0 Days is the average number of days for all relets. For sheltered accommodation the average number of day is 30.0 Days and for general needs it is 14 Days. Overall figures have improved from October and therefore year to date is on target.

Code	Short Name	Direction of Travel	Current Target	Current Value	Short Term Trend Arrow	Long Term Trend Arrow	Traffic Light	Quarter 3 2012-2013 Performance	Latest Note
SLA_013	% increase in employees confidence and perception of the organisation	<b>Aim to Maximise</b>	10% on 2011 level	<b>58.30%</b>	↑	↑	🟢	49.60%	<p><b>How are we doing / Moving Forward?</b></p> <p>To measure staff perception and confidence of the organisation we use the responses received through the staff survey to a particular question: <i>I am excited about being part of this organisation in the future.</i> The target for 2013 was 55.6% (a ten percent increase on the 2011 baseline figure): we achieved 58.3% of respondents recording a positive answer to this question.</p> <p>Overall we saw a further increase in the number of responses received from across the organisation. Within the targeted questions, ten out of eleven answers showed an increase in the number of positive responses compared to 2012 and 2011. A similar picture emerges within the questions relating directly to core values, with every area showing an improvement in the number of positive responses apart from those relating to innovation in technology.</p> <p>The wider results of the staff survey are used to inform our organisational development strategy; staff themselves will be involved in implementing solutions to issues raised through the survey.</p>
SLA_014.1	Inspection of premises in accordance with statutory code of practice (High Risk)	<b>Aim to Maximise</b>	100.00%	<b>100.00%</b>	▬	▬	🟢	100.00%	<p><b>How are we doing / Moving Forward?</b></p> <p>Inspections of <b>high-risk premises: Food hygiene, health and safety and PPC (environmental permits)</b>. Resources are focussed upon higher &amp; medium risk premises (SLA14.1 &amp; 14.2 respectively) in accord with risk-rating schemes contained</p>

Code	Short Name	Direction of Travel	Current Target	Current Value	Short Term Trend Arrow	Long Term Trend Arrow	Traffic Light	Quarter 3 2012-2013 Performance	Latest Note
									in Statutory Codes of Practice thus protecting consumers' public health and supporting businesses. Demand is comparable to the previous year at this period.
SLA_014.2	Inspection of premises in accordance with statutory code of practice (Medium Risk)	<b>Aim to Maximise</b>	100.00%	<b>100.00%</b>				100.00%	<p><b>How are we doing / Moving Forward?</b></p> <p>Inspections of <b>medium risk premises: Food hygiene, health and safety and PPC (environmental permits)</b>. Resources are focussed upon higher &amp; medium risk premises (SLA14.1 &amp; 14.2 respectively) in accord with risk-rating schemes contained in Statutory Codes of Practice thus protecting consumers' public health and supporting businesses. Resources and plans in place to achieve performance in relation to annual inspection programme. Demand is comparable to the previous year at this period. Slight shortfall easily managed as not reported to the end of the month and no long term concerns at present.</p>
SLA_015	% Response to Environmental Health enquiries and complaints	<b>Aim to Maximise</b>	100.00%	<b>100.00%</b>				100.00%	<p><b>How are we doing / Moving Forward?</b></p> <p>100% - 42 out of 42 food and safety complaints responded within target to date. Comparing figures for complaints received for the same period last year shows a 20% increase in the total number received. This is a reactive service and so it is difficult to predict future levels of demand on the service.</p> <p>Sub regional target is 95% through North Yorkshire Quality Management System (ISO accredited). Environmental Health business area has maintained high performance by continuing the working</p>

Code	Short Name	Direction of Travel	Current Target	Current Value	Short Term Trend Arrow	Long Term Trend Arrow	Traffic Light	Quarter 3 2012-2013 Performance	Latest Note
									practices in respect of proactive & reactive work streams and support from community officers in respect of general environmental health enquiries & service requests.
SLA_016	Number of high risk enforcement issues resolved	Aim to Maximise	70.00%	100.00%	▬	▬	🟢	100.00%	<p><b>How are we doing / Moving Forward?</b></p> <p>The enforcement team has achieved a 100% resolution rate for high risk enforcement cases for the period 01 Oct 2013 – 31 Dec 2013. In addition to active caseloads the Enforcement team have resolved (cases closed 1 Apr – 17 Dec 2013)</p> <p>305 High Risk Enforcement Cases 360 Medium/low Risk Enforcement Cases</p>
SLA_018	% of new benefit claims and changes processed within 5 days upon receipt of complete application	Aim to Maximise	90.00%	93.83%	⬇️	⬆️	🟢	80.73%	<p><b>How are we doing / Moving Forward?</b></p> <p>Current monthly performance has exceeded the 90% target every month since April 13 increasing the YTD performance month on month to 93.83%, whilst maintaining quality standards. Based on benchmarking data received from the Yorkshire &amp; Humber Joint Operational Board for Quarter 2 we are top of the league in respect of days to process New Claims &amp; Changes. Work continues to prepare for the annual billing/year end processes alongside the Contact Centre and Data &amp; Systems.</p>
SLA_019	% of Council Tax debt recovered	Aim to Maximise	68.61%	68.84%	⬆️	⬇️	🟢	77.59%	<p><b>How are we doing / Moving Forward?</b></p> <p>Performance data used for the period: 1 April 13 – 30 November 13 Monthly performance continues to be above the set profiled target.</p>

Code	Short Name	Direction of Travel	Current Target	Current Value	Short Term Trend Arrow	Long Term Trend Arrow	Traffic Light	Quarter 3 2012-2013 Performance	Latest Note
SLA_020	% of Council Rent debt recovered	<b>Aim to Maximise</b>	94.09%	<b>95.40%</b>	↑	↓	🟢	96.39%	<p><b>How are we doing / Moving Forward?</b></p> <p>Performance data used for the period: 1 April 13 – 30 November 13</p> <p>Collection is running 0.99% lower than at 30.11.12. Collectable figure to date is £8,564,829 &amp; we have collected £8,171,158 against that. 12.26% of tenants were affected by Welfare Reform, the actual increase in tenants in arrears is only 3.71% compared to 30.11.12.</p> <p>We continue to work with the Welfare Reform Project group to assist with maximising collection and delivering a range of other interventions to engage with customers to support &amp; advise them of options available to them &amp; prevent them getting into further financial difficulties</p>
SLA_021	% of applications considered within time under scheme of delegation	<b>Aim to Maximise</b>	80.00%	<b>89.34%</b>	↓	↑	🟢	71.63%	<p><b>How are we doing / Moving Forward?</b></p> <p>The team's performance for year to date is 89.34%, which is above target.</p> <p>Officers are making concerted efforts to bring several applications that were out of time, pending completion of section 106 agreements, to determination. -pending the adoption of the Core Strategy, Affordable Housing SPD discussions and in some cases awaiting information from the District Valuer and Developers.</p> <p>In the interim procedures have been put in place by legal services and planning to speed up the process for the preparation</p>



Code	Short Name	Direction of Travel	Current Target	Current Value	Short Term Trend Arrow	Long Term Trend Arrow	Traffic Light	Quarter 3 2012-2013 Performance	Latest Note
									and engrossment of section 106 agreements. This has enabled the backlog of section 106 agreements to be significantly reduced.
SLA_023	% of invoices paid on time	<b>Aim to Maximise</b>	85.00%	<b>95.58%</b>	↓	↑	✓	90.16%	<b>How are we doing / Moving Forward?</b> Monthly performance continues to be above the set target.
SLA_025	% internal rate of return on commercial assets	<b>Aim to Maximise</b>	7.00%	<b>9.84%</b>	↑	↓	✓	12.93%	<b>How are we doing / Moving Forward?</b> Car Parks & Bus station are performing above target. All but one of the industrial units are failing to achieve target for the year. A team of AS officers are investigating the issues. Over all the IRR target is being achieved and is expected to do so for the whole year.
SLA_026	Reducing internal costs on non-operational sites	<b>Aim to Maximise</b>	3.00%	<b>33.99%</b>	↑	↑	✓	-34.74%	<b>How are we doing / Moving Forward?</b> At the end of Q3 costs on non-operational sites had reduced by 33.99%. This includes the Abbey Leisure Centre, excluding this the reduction is 31.63%. The costs that are still being incurred are things like NNDR that cannot be avoided. Total costs for non-operational sites for 12/13 was £24.1k, to date for 13/14 it stands at £9.9k.
SLA_027	% increase in income generation	<b>Aim to Maximise</b>	Target to be Agreed	<b>1.87%</b>	↑		📊		<b>How are we doing / Moving Forward?</b> Fees & charges and rental income are achieving above budget. We are seeing a reduction on Licence income, however this is not something that can be directly controlled.

Code	Short Name	Direction of Travel	Current Target	Current Value	Short Term Trend Arrow	Long Term Trend Arrow	Traffic Light	Quarter 3 2012-2013 Performance	Latest Note
SLA_029	% Efficiency and productivity improvements	<b>Aim to Maximise</b>	Target to be agreed	2.80%	↑				<p><b>How are we doing/Moving Forward?</b></p> <p>Budget Officers with the assistance of the finance team continue to look for ways to improve processes to achieve savings. This is being done by helping teams better understand their costs and spend to see if any improvements can be made</p> <p>No results in this quarter for % of productivity improvement</p>
SLA_030	% efficiency gain in outsourced services	<b>Aim to Maximise</b>	Target to be Agreed	2.18%	▬				<p><b>How are we doing / Moving Forward?</b></p> <p>The contracts team continue to review existing contracts to highlight any efficiencies, as well as utilising frameworks for new contracts to aggregate demand and reduce unit cost.</p>
SLA_031	Capital Programme Delivery	<b>Aim to Maximise</b>	Target to be Agreed	78.84%	↑				<p><b>How are we doing / Moving Forward?</b></p> <p>HRA performance is strong against budget, with 52% of the annual budget spent to date and 82% of the Q3 target being achieved.</p> <p>On the General Fund only 40% of the YTD budget has been spent. The main reason for this is low uptake on Disabled Facilities Grants.</p> <p>Full details of the capital programme can be found in the Q3 Budget Monitoring reports.</p>