

# Selby District Council



## Agenda

Meeting: **Executive**  
Date: **4 September 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 3 July 2014. Pages 1 to 11 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. Financial Strategy – Key Decision**

Report E/14/19 presents the Executive with an update on the Medium Term Financial Strategy approved by the Council in December 2013. Pages 12 to 41 attached.

#### **5. 1st Interim Budget Exceptions Report – Key Decision**

Report E/14/20 provides the Executive with details of major variations between budgeted and actual expenditure and income for the first quarter of the 2014/15 financial year. Pages 42 to 54 attached

#### **6. 1st Interim Treasury Management Progress Report – Key Decision**

Report E/14/21 asks the Executive to endorse the actions of officers with regard to the Council's treasury management activities. Pages 55 to 63 attached.

#### **7. HRA Business Plan**

Report E/14/22 asks the Executive to consider the HRA Business Plan. Pages 64 to 116 attached.

#### **8. Spend to Save Investment in Planning**

Report E/14/23 asks the Executive to consider the report which provides a six month review of the operation of the new scheme. Pages 117 to 119 attached.

#### **9. 1st Interim Corporate Plan Progress Report**

Report E/14/24 asks the Executive to consider Access Selby's key performance indicators following the first quarter of 2014/15. Pages 120 to 130 attached.

#### **10. Phase 2 Affordable Housing Sites – Key Decision**

Report E/14/25 asks the Executive to consider the report on the Phase 2 Affordable Housing Sites. Pages 131 to 137 attached.

#### **11. Green Deal**

Report E/14/26 asks the Executive to consider the report regarding the Council's participation in the Leeds City Region Green Deal Project. Pages 138 to 147 attached.

Appendix 1 to the report is exempt from publication by virtue of paragraph 3 in Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). If councillors wish to discuss information contained within the appendix it will be

necessary to pass the following resolution to exclude the press and public:

**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 of Part 1 of Schedule 12(A) of the Act.**

**Mary Weastell  
Chief Executive**

<b>Dates of next meetings</b>
<b>18 September 2014 - Executive Briefing</b>
<b>2 October 2014 Executive</b>

Enquiries relating to this agenda, please contact Glenn Shelley on:

Tel: 01757 292007

Fax: 01757 292020

Email: [gshelley@selby.gov.uk](mailto:gshelley@selby.gov.uk)

# Selby District Council



## Minutes

### Executive

Venue:	Committee Room, Civic Centre, Selby
Date:	3 July 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, Policy Officer (AM), Development Manager, Lead Officer - Contracts and Democratic Services Manager.
Also Present:	Councillors John Cattanach and Jack Crawford, Chris Gorse and Paul Hirst – Wigan Leisure and Culture Trust (WLCT).
Public:	0
Press:	0

NOTE: Only minute numbers 15 to 26 are subject to call-in arrangements. The deadline for call-in is 5pm on the 15th of July 2014. Decisions not called in may be implemented on the 16<sup>th</sup> of July 2014.

#### 12. Apologies for Absence

None were received.

#### 13. Minutes

The minutes of the meeting on 5 June 2014 were submitted and agreed as a correct record and signed by the Chair.

Executive  
3 July 2014

Councillor M Crane set out that the Executive decision made at the meeting on 5 June 2014, in respect of Representation on Outside Bodies, had been called in. Scrutiny Committee had considered the decision at its meeting on 25 June 2014 and resolved:

- i. To take no further action concerning the decision.**
- ii. To ask the Executive to explore all avenues to reduce the size of the IDB and, as a consequence, reduce the Council's reliance on officer appointees in future.**

The Executive noted the decision made by Scrutiny Committee and would look to reduce the size of the Selby Internal Drainage Board.

#### **14. Disclosure of Interest**

None were received.

#### **15. Scrutiny Committee Waste and Recycling Task and Finish Group Final Report and Recommendations**

Councillor Mrs G Ivey introduced the item before Councillor J Crawford, Chair of Scrutiny Committee, explained the findings of the Task and Finish Group which carried out the review.

Councillor J Crawford outlined the work undertaken by the Task and Finish Group to produce the report and thanked officers for the assistance they had provided. The report highlighted areas of potential improvement whilst recognising the pressures currently on the service. It made comparisons with similar authorities, recognising the need to implement best practice.

The Executive welcomed the report and thanked Scrutiny Committee for its work in this area.

#### **Resolved:**

- i. To progress with the trial of polypropylene bags for recycling of paper and card and mixed plastics.**
- ii. To hold the trial at the Staynor Hall Estate for 2,000 properties with the cost of £3,000 being met from existing service budgets.**
- iii. Should the scheme demonstrate improved efficiency through cost savings and improved recycling rates, to develop , a Business Case for a full roll out across the district.**

Executive  
3 July 2014

**iv. To use the information from the review to inform the forthcoming review of the contract.**

Reason for the decision:

The Council ensures it is performing to a high standard with regard to waste and recycling and achieving value for money for the service provided by the contractor.

**16. 2013/14 Final Accounts Outturn Report – Key Decision**

Councillor C Lunn presented the report which set out the Council's end of year financial results for 2013/14. The Council had a surplus of £752k on the General Fund and £1.0389m on the Housing Revenue Account (HRA).

Councillor C Lunn set out that there had been some progress with savings which had exceeded target in the HRA and the Core General Fund, but fell short for the Access Selby General Fund. The Capital Programme had seen some slippage but plans were in place to progress the work in 2014/15.

The Executive discussed the Core's General Fund surplus which included nearly £400k of one-off income. This included backdated recycling payments from North Yorkshire County Council in respect of the Local Authority Trading Scheme and a successful NNDR appeal on the Civic Centre.

**Resolved:**

- i. To carry forward the funds set out in Appendix D (£1.079m Revenue and £1.051m Capital) from 2013/14 to 2014/15:**
- ii. To transfer the £598k Core and Communities Selby General Fund surplus £350k to 'Business Rates Equalisation Reserve' and £248k to Programme for Growth;**
- iii. To transfer the £154k Access Selby General Fund surplus to 'Access Selby Reserve';**
- iv. To transfer the £631k Core HRA surplus to 'HRA Major Repairs Reserve' to either repay debt or support the future capital programme; and**
- v. To transfer the £407k Access Selby HRA surplus to 'HRA Balances (Access Selby)' for reinvestment in services.**

Reason for the decision:

Executive  
3 July 2014

To allow projects and initiatives not completed in year to be rolled over to the following year and to make adequate appropriations to reserves to mitigate future spending priorities.

## **17. Treasury Management Outturn Report – Key Decision**

Councillor Lunn presented the report which reviewed the Council's borrowing and investment activity for the financial year to 31<sup>st</sup> March 2014. It also presented performance against the Prudential Indicators.

The Executive heard that, as expected, the Council achieved its investment income budget in year although the average rate was slightly below its benchmark. No further borrowing was required in the year and the Council's Prudential Indicators were not breached.

Councillor C Lunn highlighted that the report also covered proposals to transfer the Council's investment management to North Yorkshire County Council (NYCC) as part of the Council's wider collaboration.

The Executive discussed the proposals and heard that efficiencies were anticipated as a result of this change and options for further integration were being explored. In addition, it was expected that this change would reduce the Council's need for Treasury Management advice which was expected to achieve a saving when the contract was retendered later this year.

### **Resolved:**

- i. To endorse the actions of officers on the Council's treasury activities for 2013/14 and approve the report.**
- ii. To recommend Council to adopt the North Yorkshire County Council's 2014/15 Annual Investment Strategy and current Lending List.**

Reasons for the decision:

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

## **18. Council Tax Support**

Councillor C Lunn presented the report which provided the four options for the Council Tax Support Scheme with effect from April 2015 (for up to 2 years).

Executive  
3 July 2014

Councillor C Lunn set out that the current Council Tax Support Scheme was now in its second year and needed to be reviewed before April 2015. The report presented four options on which the Council may wish to consult ranging from a maximum award of 91.5% to 80% for working age claimants.

The Executive considered the four options and decided to consult on options 2, 3 and 4 as contained within the report. An amendment was put forward to consult on option 1 in addition, however, this was unsuccessful.

**Resolved:**

**To approve a public consultation, undertaken over the summer, on options 2, 3 and 4 as contained within the report, for the Council Tax Support scheme for 2015/16 and 2016/17.**

Reason for the decision:

The necessary public consultation will provide feedback on the Council's proposed scheme to help inform the ultimate decision.

**19. Annual Review of Leisure Contract**

Councillor Mrs G Ivey presented the report on the fourth formal annual review of the Leisure Contract with Wigan Leisure and Culture Trust (WLCT), covering the period April 2013 to March 2014.

Councillor Mrs G Ivey detailed the key findings in the report. She highlighted that WLCT had worked in partnership with the Council to develop community based sport and health, targeting specific groups such as school children. The Executive heard of the success of schemes such as the 'Move it and Lose it' campaign.

The Executive welcomed Paul Hirst and Chris Gorse from WLCT to the meeting. The Executive discussed the targets for 2014/15 and, in a minor amendment to recommendation, asked that work be undertaken to review them further.

**Resolved:**

- i. To note the key findings of the report and in particular the performance of Wigan Leisure and Culture Trust to date**
- ii. To review the key priorities 2014 / 2015 highlighted in the annual review.**

Reasons for the decision

Executive  
3 July 2014



To recognise the work WLCT has made to maintain leisure services in the district and the progress made to develop the service offer in the community whilst also supporting the Council to deliver a replacement leisure centre in Selby.

## **20. Management Arrangements for the New Leisure Centre – Key Decision**

Councillor Mrs G Ivey presented the report on the new leisure management service for the new leisure facility which was currently under construction.

Councillor Mrs G Ivey outlined that negotiations had been taking place with (WLCT) to agree the future leisure management arrangements. The agreed new leisure management arrangements were to be formalised as a variation to the original 2009 contract awarded to WLCT and included revisions to the contract term, service specification, performance measures, property leases and management fee.

The Deputy Chief Executive clarified that by 2018/19 it was projected that the new Leisure Centre would operate at a profit and the Leisure Service would operate without the need for a subsidy. It was noted that some minor issues with regard to pricing still had to be finalised that may improve the final pricing of the variation.

### **Resolved:**

**To approve the execution of the negotiated contract variation to the 2009 leisure services contract.**

### Reasons for the decision

The investment in a new leisure facility for the district requires a management arrangement that will secure a sustainable and quality service that is mobilised when construction is completed. The leisure services contract awarded in 2009 to WLCT provides contractual mechanisms for service variation and extension to the contract period. Varying the current contract provides a legally compliant mechanism whereby the Council can ensure the management of the new facility can be mobilised on time, provide continuity of service management and best value for the Council.

## **21. Registrars' Service Project (Better Together)**

Councillor M Crane presented the report on the Registrars' project, one of the Better Together projects given agreement to move forward and develop a business case for delivery.

Executive  
3 July 2014

The Executive heard that the project built upon existing models of NYCC Registrars co location with Craven and Ryedale District Councils. Initial scoping discussions have strongly indicated that the project was a viable proposition to benefit both organisations and their customers.

The Executive discussed the proposals in respect of the impact on car parking and Council meetings at the Civic Centre. The Deputy Chief Executive clarified that there was sufficient space on site to park, however they may be a need to revisit the specific allocations given to different users.

Councillor M Crane stated that the first call on the Civic Centre was for Council business, any expansion of the use of the Centre would need to take this into account.

**Resolved:**

**To endorse the Selby District Council and North Yorkshire County Council Collaboration - Registrars' Service Project and to authorise the Deputy Chief Executive to finalise and implement the arrangements after consultation with the Leader of the Council**

Reason for the decision:

The purpose of the recommendation is to seek endorsement of the proposals, from the Council's Executive to relocate the North Yorkshire County Council Registrars' Service to the District Council's Civic Centre.

## **22. Annual Report**

Councillor M Crane presented the Annual Report. The report was a key reference point for the authority, summarising the work of the Council during the 2013/14 as well as giving a financial overview.

Councillor M Crane highlighted that this year an entirely new approach was put in place to make the information more accessible and to widen the scope for disseminating key messages to the local community. For the first time, alongside the traditional written publication, this year's report was to be delivered as a short animated film supported by a printed 'highlights leaflet' for local community venues.

**Resolved:**

**To accept the Selby District Council Annual Report 2013/14, as delivered in the main written report, highlights leaflet, and**

Executive  
3 July 2014

**animation, as an accurate record of the achievements of the authority during this period.**

Reason for the decision:

To enable publication.

### **23. Fourth Interim Corporate Plan Progress Report**

Councillor M Crane presented the report which provided details of Access Selby key performance indicators following the fourth quarter of reporting for the financial year 2013/14.

The Executive offered its congratulations to Access Selby for its strong performance during 2013/14.

**Resolved:**

**To note the report as a record of the performance of Access Selby during the year, in terms of the Service Level Agreement with the Council.**

Reason for the decision:

The on-going management of performance and improvement data enables the Council to monitor the level of service delivered by Access Selby, and can assist the Council in achieving its strategic priorities.

### **24. Community Infrastructure Levy (CIL) Update**

Councillor M Crane presented the update report on the Community Infrastructure Levy (CIL). The report presented an update on that received by the Executive at its meeting on 5 June 2014.

Councillor M Crane informed the Executive that the report sought the approval to go out to consultation. He provided a brief overview of the discussion at the Executive meeting on 5 June 2014 at which discussion focussed on the proposed approach to contributions toward Recreational Open Space (ROS). The Executive acknowledged the proposal within the report which set out that if ROS received a 5% contribution of CIL the total amount of money available each year for only off-site ROS would be comparable with that currently brought in by S106 for both on-site and off-site ROS when this was averaged out.

**Resolved:**

#### **i. To note the content of the report**

Executive  
3 July 2014

- ii. **To agree the consultation material for the Draft Charging Schedule as set out in the appendices. In particular note:**
  - a. **The base rate for “all other chargeable development” be changed from £10sqm to £nil**
  - b. **To continue with a two-zone charging system for housing development**
  - c. **The draft instalments and exemptions policies**
  - d. **The indicative Regulation 123 List of spending priorities that includes 5% for off-site Recreation Open Space.**
- iii. **To grant delegated authority to the Director of Community Services after consultation with the Leader of the Council to agree minor amendments and final wording to the consultation material as necessary.**

Reason for the decision:

- i. To inform Executive of the process and progress of the Community Infrastructure Levy, as part of the Core Strategy Implementation process.
- ii. To steer the development of the CIL project and to authorise the next stage of the CIL community participation in line with the Regulations.
- iii. To enable Officers to carry out the next stage of CIL preparation in a timely fashion.

## **25. The North Yorkshire Community Safety Partnership New Arrangements**

Councillor Mrs G Ivey presented the report on the proposed combining of the six Community Safety Partnerships into one North Yorkshire Community Safety Partnership, supported by district based local delivery teams.

The Executive discussed the proposal which was being made in the context of significantly reduced resources for Community Safety in the county and across most responsible authorities.

### **Resolved:**

- i. **To agree to dissolve the Selby District Community Safety Partnership and create one North Yorkshire Community Safety Partnership, supported by district based local delivery team taking effect no later than 30 September 2014.**

Executive  
3 July 2014

- ii. **To agree that the Executive Director will be the appointed person to represent the council at meetings of the North Yorkshire Community Safety Partnership.**

Reason for the decision:

- i. As a responsible authority legislation requires the council to agree to the creation of the North Yorkshire CSP for the reasons explained at 1.1.
- ii. The Council have also been asked to formally nominate one individual to represent the council as one of the responsible Authorities in North Yorkshire.

## **26. Urgent Item - All Weather Pitch adjacent to Selby Leisure Centre**

**The Chair agreed to take the item of business as an urgent item because the need to clarify the financial issues arising from the tender documentation had meant that the item could not be included on the agenda prior to dispatch, however, a delay to determining the funding arrangements would jeopardise a timely start on site**

Councillor Mrs G Ivey presented the report on the additional funding required to refurbish the all weather pitch.

Councillor Mrs G Ivey set out that the Council committed to refurbishing the All Weather Pitch in 2012. Since then the project had been rolled up into the delivery of the Leisure Centre Project. A budget estimate of £250,000 was set aside at that time. The subsequent tender process has indicated that the cost of the project would be £296,998.23 (with the possibility of this sum reducing by £27,000 if the shock pad does not need to be replaced).

### **Resolved:**

- i. **To note the report**
- ii. **To authorise the additional funding from the Commissioning Contingency, noting the potential to replenish that Contingency from the Leisure Centre Project Contingency, in due course, if funds allow.**

Reason for the decision:

To ensure that adequate funding for the refurbishment of the All Weather Pitch at Scott Road is available and the entire leisure centre project on that site is able to be delivered as planned and as agreed with Sport England.

Executive  
3 July 2014

The meeting closed at 5.52pm

Executive  
3 July 2014

# Selby District Council

## REPORT

Reference: E/14/19

Public - Item 4



**To:** The Executive  
**Date:** 4 September 2014  
**Status:** Key Decision  
**Report Published:** 27 August 2014  
**Author:** Karen Iveson –Executive Director (s151)  
**Executive Member:** Councillor C Lunn – Lead Member for Finance & Resources  
**Lead Officer:** Karen Iveson – Executive Director (s151)

**Title: Medium Term Financial Strategy**

### Summary:

This report presents an update to the revised Medium Term Financial Strategy (MTFS) approved by Council in December 2013. Taking into account anticipated cuts to public sector funding a target net revenue budget of £10.6m is proposed for the forthcoming budget round.

Anticipated cuts to Revenue Support Grant will mean that further savings are required and a headline level of £1.5m is proposed for the next 3 years (this includes £450k already part of Access Selby's budget and savings plan).

There remains the potential for additional Business Rates income in the future but anticipated business closures over the next 2 years mean that it is likely that we will need to rely on our Business Rates Equalisation Reserve to meet our rates income target.

Subject to the continuation of New Homes Bonus and achievement of savings, resources of up to £880k p.a. could be diverted to a new Programme for Growth to support delivery of the refreshed Corporate Plan from 2015/16.

## **Recommendations:**

**It is recommended that subject to comments from the Policy Review Committee the draft update to the Medium Term Financial Strategy be submitted to Council for approval.**

## **Reasons for recommendation**

To set the framework for the 2015/16 budget and 2015 – 2017/18 Medium Term Financial Plan.

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

- 1.1 The Council's latest Medium Term Financial Strategy was approved by full Council in December 2013 – this report presents an update taking into account changes to the key assumptions within the strategy.

### **2. The Report**

- 2.1 The attached update paper models three scenarios for the Council's General Fund revenue budget over the next 10 years. The mid-range forecast is the scenario that is proposed as the basis for the forthcoming budget round.
- 2.2 The modelled budget assumes continuation of grant for Parish Councils (circa an average of £90k p.a.) to support them with the reductions in Council Tax Base as a result of changes to Council Tax Support.
- 2.3 Assuming a further cut of 30% on Government funding and Council Tax increases of 2% for the next 3 years, a budget deficit of £495k is forecast for 2015/16, a deficit of £412k for 2016/17 and a deficit of £991k for 2017/18. Taking into account Access Selby's current savings target an overall savings target of £1.5m is proposed for the coming 3 years.
- 2.4 Whilst the future of New Homes Bonus remains in doubt, savings at this level would mean that £880k p.a. could continue to be diverted to any new Programme for Growth but clearly this is highly dependent on achieving the savings targets set.
- 2.5 There also remains the potential for additional Business Rates income but in the short term we expect that income to be short of target due to some anticipated significant business closures. In the future excess receipts could be used to extend the 'Programme for Growth' or reduce our savings requirement. Any such decisions would need to be taken in light of the overall funding risk at that time.



- 2.6 A review of earmarked reserves has also been undertaken and there is the opportunity to rationalise some reserves and redirect resources to priority areas.

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

#### **3.1 Legal Issues**

None as a direct result of this report.

#### **3.2 Financial Issues**

- 3.2.1 Based on the updated key assumptions within the paper and a mid-range cut to Government grant/business rates, the target net revenue budget for 2015/16 is £10.6m.
- 3.2.2 Taking into account the forecast gap between income and expenditure plus the savings target already set for Access Selby an overall target of £1.5m is proposed for the coming 3 years.

### **4. Conclusion**

- 4.1 There remains significant risk and uncertainty to public sector funding. The mid-case forecast suggests a funding gap of nearly £1m by 2017/18 which when added to savings already planned means that total savings of £1.5m are needed over the next 3 years.
- 4.2 Subject to the assumptions, there could be resources available to divert to the 'Programme for Growth' from 2015/16 onwards but this is dependent upon achieving the savings required to bridge our funding gap. Any decision to extend the programme will need to be taken in light of NHB and savings achieved.

### **5. Background Documents**

Approved MTFS December 2013

#### **Appendices**

Appendix A - Medium Term Financial Strategy Update 2014

#### **Contact Details**

Karen Iveson  
Executive Director (s151)  
[kiveson@selby.gov.uk](mailto:kiveson@selby.gov.uk)

## Selby District Council

### Medium Term Financial Strategy Update September 2014

#### 1. Introduction and Background

- 1.1 This paper presents an update to the revised Medium Term Financial Strategy approved by Council in December 2013. It considers the budget pressures and issues facing the Council over the next 3 years and provides the framework for the forthcoming budget round.
- 1.2 The strategic context for the financial strategy remains unchanged and the pressure on Local Government finance continues. Austerity is expected to be with us for some time to come and we await the next Spending Review in 2015 following the general election.
- 1.3 Over the course of 2014/15 we will work with Councillors to refresh the Corporate Plan and with it the Council's priorities for the coming 5 years. The financial strategy aims to deliver financial sustainability and resilience for the Council in delivering its objectives and secure the resources necessary to deliver the Corporate Plan, in spite of the additional funding cuts we are facing.
- 1.4 To support this paper three scenarios have been modelled and are attached at **Appendix A**. The mid-case scenario is proposed as the framework for the forthcoming budget round.

#### 2 Update on financial assumptions

##### Interest Rates

- 2.1 The bank base rate remains at 0.5% with a rise now forecasted in 2015. The Bank rate is projected to increase slowly and gradually thereafter, reaching 2.00% by March 2017. The approved strategy assumes investment rates will rise to 2.5% by 2016/17 and therefore returns are likely to be less than estimated in the short term. Loans to Selby and District Housing Trust will provide some mitigation but it would be prudent to reduce our forecasts.
- 2.2 Current returns are below 1% but the budget assumes 1.5% for 2014/15 and 1.75% for 2015/16. The MTFs has been updated to reflect a 0.5% reduction to these assumptions in 2015/16.
- 2.3 The approved strategy includes provision for a £300k cap on the amount of investment interest used to support the revenue budget and as a result of the on-going low rates it is anticipated that this will not be reached in the next 2 years.

## Appendix A

### Inflation

- 2.4 The approved strategy took a cautious stance on inflation projections with 3% included for all years – no changes are proposed at this stage.

### Government Grants

- 2.5 This element of funding has seen the most significant changes following the localisation of Business Rates and Council Tax Support.
- 2.6 The 2014/15 Local Government Finance Settlement included a provisional settlement for 2015/16 – the table below summarises the settlement for Selby:

Local Government Finance Settlement February 2014	Actual 2014/15 £000's	Provisional 2015/16 £000's
Revenue Support Grant (RSG)	2,520	1,734
Business Rates Baseline Funding (BRBF)	2,190	2,250
<b>Settlement Funding Assessment (SFA)</b>	<b>4,710</b>	<b>3,984</b>

- 2.7 The Chancellor's 'Budget 2013' included a further 1% cut to Local Government resources in 2014/15 (in addition to those previously planned) and the 'Spending Review 2013' announced a further headline 10% cut in 2015/16. Beyond that there is speculation about further cuts and the 2015 Spending Review is expected to deliver further public sector funding cuts. Our current strategy assumes cuts of 24% to 2016/17 and a further 10% is now anticipated for 2017/18.
- 2.8 Excluding Business Rates growth above the Retail Price Index (the index used to inflate the Business Rates Multiplier), the impact of these cuts on the Council's Start-Up Funding Assessment (SUFA) over the next 5 years, is estimated as follows:

	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's
RSG	2,520	1,750	1,308	903	922	939
BRBF	2,190	2,234	2,278	2,324	2,370	2,418
<b>SFA</b>	<b>4,710</b>	<b>3,984</b>	<b>3,586</b>	<b>3,227</b>	<b>3,292</b>	<b>3,357</b>
<b>% Change</b>		<b>-15.4%</b>	<b>-10.0%</b>	<b>-10.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>Change in Income</b>		<b>-726</b>	<b>-398</b>	<b>-359</b>	<b>65</b>	<b>65</b>

- 2.9 The current approach to Business Rates Retention income is to set aside gains above our target into the Business Rates Equalisation reserve to off-set potential future losses. In 2013/14 the initial forecast (NNDR1) showed potential Business Rates growth of circa £1.4m

## Appendix A

(Selby's share) which would mean additional income to the Council of £700k after the payment of the 50% levy.

- 2.10 However a significant successful appeal by (and subsequent refund to) a major business in the district means that our Business Rates income was below the safety net in 2013/14.
- 2.11 Further expected closures are likely to mean that we will be below the safety net for the foreseeable future and therefore will need to rely on the Business Rates Equalisation Reserve to top up our income to the budgeted target.
- 2.12 Should Business Rates income improve and exceed our target, then there may be opportunity to divert additional resources towards spending priorities such as a future 'Programme for Growth'. However such decisions would need to be taken in light of the overall funding risk at that time.
- 2.13 There may also be the opportunity to pool Business Rates with other authorities in the Leeds City Region (Selby is not part of the North Yorkshire Pool due to the risk associated with the power stations) in order to retain additional receipts locally and it is proposed that further work be undertaken to establish the preferred way forward.

### New Homes Bonus

- 2.14 We currently anticipate around £2.5m p.a. from New Homes Bonus when the scheme reaches maturity in 2016/17 (year 6 of the scheme).
- 2.15 The approved strategy provides that Years 1 and 2 New Homes Bonus (NHB) is used to support the 'Programme for Growth' up to 2014/15 – i.e. £880k p.a. No decisions have yet been taken on future support for the programme beyond 2014/15 although the current budget assumes that £880k p.a. continues to be transferred to reserves.
- 2.16 The approved MTFs also assumes that receipts above £880k p.a. are used to support the revenue budget, effectively helping to back fill further grant cuts.
- 2.17 The Government's announcement in the 2013 Spending Review that from 2015/16 £400m will be top-sliced from the national NHB pot and be allocated to the LEPs were subsequently shelved although the future of NHB remains in doubt post the general election in 2015.

## Appendix A

2.18 Our latest assumptions on NHB<sup>1</sup> are:

	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's
Year 1	445	445	445	445	445	445	
Year 2		435	435	435	435	435	435
Year 3			303	303	303	303	303
Year 4				542	542	542	542
Year 5*					388	388	388
Year 6*						383	383
Year 7*							400
<b>Total</b>	<b>445</b>	<b>880</b>	<b>1,183</b>	<b>1,725</b>	<b>2,113</b>	<b>2,496</b>	<b>2,451</b>

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

\* Estimate

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

Allocation of NHB	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's
Programme for Growth	445	880	880	880	880	880	880
GF Revenue Budget			303	845	1,233	1,616	1,571
<b>Total NHB</b>	<b>445</b>	<b>880</b>	<b>1,183</b>	<b>1,725</b>	<b>2,113</b>	<b>2,496</b>	<b>2,451</b>

We could of course divert less NHB to the Programme for Growth to help cover more of the funding cuts and to limit the need for savings (at least in the short term). However, driving further efficiency to stay ahead of the funding cuts and redirecting resources to stimulate and enable local economic growth are key priorities for the Council.

### Special and Specific Grants

2.20 The Council is in receipt of a number of additional grants for 2014/15 which may continue into the future. The Local Government Finance Settlement included:

	2014/15 £000's	2015/16 £000's
Transitional Council Tax Support	0	0
Efficiency Support	0	0
Community Right to Bid	8	0
Community Right to Challenge	9	0
CTS New Burdens	67	0
New Homes Bonus Adjustment	0	0
<b>Total Special and Specific Grants</b>	<b>84</b>	<b>0</b>

<sup>1</sup> Updated following submission of Council Tax Base Return October 2013

## Appendix A

- 2.21 These grants are not ring-fenced and have been assumed in the current MTFP - no awards are included in our budget beyond 2014/15 although awards may be included within the 2015/16 settlement.

### Council Tax

- 2.22 The 2014/15 to 2016/17 MTFP assumes Council Tax rises of 2% to 2016/17 despite the Government's offer of Council Tax Freeze Grant in 2014/15 and 2015/16. If this approach continues into 2017/18 and taking into account a 1% rise in the tax base each year, then Council Tax income forecasts show:

	2014/15	2015/16	2016/17	2017/18
Tax Base	28,089	28,370	28,654	28,941
Band D Charge	£162.00	£165.24	£168.54	£171.91
Council Tax Income	£4,550,123	£4,687,556	£4,829,330	£4,975,247

- 2.23 The mid case scenario assumes that Council Tax is increased by 2% p.a.

### Council Tax Support Grant for Parishes

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

### General Balances

- 2.25 In accordance with the current strategy it is assumed that General Fund balances are **not** used to support the revenue budget.
- 2.26 General Balances remain funding of last resort. Currently there is a balance of £1.674m on this fund, which is £174k above the approved minimum working balance of £1.5m. It is proposed that the excess is transferred to the Special Projects Reserve.
- 2.27 Access Selby balances currently total £592k after 3 years successive surpluses and some allocation of resources to projects. This provides a buffer for risk within their operations but also a resource to support future business development. It is proposed that £228k is released from this reserve and pooled with the balance on the Spend to Save Reserve to create a new Business Development Reserve and a further £6k is transferred to the Programme for Growth to take the balance on this reserve down to £250k which is considered a reasonable level for Access Selby's operational risks.

### Earmarked Reserves

- 2.28 An initial review of major earmarked reserves suggests:

## Appendix A

- PFI – the on-going adequacy of this reserve is kept under review in light of interest rates and inflation. Any necessary increases in contributions will form part of the revenue budget and will be funded as a commitment before further service growth is considered.
- Asset Management - £130k p.a. is transferred into this reserve to cover our commitments to maintaining our build assets. However, following the move to the new Civic Centre and the fire at Abbey Leisure Centre this amount needs to be reviewed. Furthermore major works to car parks and industrial units need to be assessed to establish the appropriate annual contributions. This work is being done as part of the Asset Management Strategy and the MTFS will be updated once the results are known.
- ICT Replacement – £150k p.a. General Fund and £50k p.a. HRA contributions are planned to sustain this important reserve, which provides the financial capacity to upgrade and replace our ICT infrastructure, hardware and systems in accordance with our approved ICT Strategy. The use of ICT to support the Council's customer 'self-service' and channel shift agenda means that the financial capacity to invest in modern technologies is crucial to support future services. Fixed contributions allow the smoothing of these irregular costs to avoid peaks and troughs in funding requirements.
- Spend to Save Reserve – the need for on-going savings and efficiencies to achieve the Council's objectives remains a key priority and therefore a reserve, which provides up-front investment for improvements and efficiency initiatives, is a crucial part of the financial strategy. The reserve has in the past, been sustained through in-year revenue savings in excess of set targets and through Council Tax Freeze Grant. It is proposed that the balance on this reserve is pooled with the £228k released Access Selby reserves to create a new £500k Business Development Reserve to support the Council's savings plan – in particular commercialisation and income generation.
- Pension Equalisation – following the last triennial valuation and with it the stabilisation of employers' contribution rates the £600k balance of this reserve as at 31 March 2014 can be released for alternative uses and it is proposed that this be transferred into the Special Projects Reserve to support any future Programme for Growth.

However, changes to the National Insurance Contribution rates with effect from April 2017, for employers with their own pension schemes (currently NIC rates are discounted) will add a further

## Appendix A

£120k p.a. to our payroll costs. This coupled with the on-going risk to pensions costs provide good reason to continue to set aside the circa £180k p.a.

- Business Rates Equalisation – this reserve was created in 2012/13 in anticipation of the new rules governing localised Business Rates and the funding risk inherent within the scheme. The current strategy assumes that any excess Business Rates above our baseline are transferred into this reserve to mitigate any funding shortfalls prior to the safety net being reached.

The current approved MTFS established a working balance of 3 years' worth of safety payments to provide some headroom to mitigate the funding risk - this equates to circa £483k.

The fund was established with £300k and then added to with budget surpluses and a prior year income adjustment. The closing balance on the reserve in 2013/14 also includes an accounting adjustment of £3.118m which reflects the accrual of government receipts expected in 2014/15. Ignoring this accounting entry, the available balance on the reserve at 1 April 2014 is £492k. It is anticipated that further receipts will be available to add to this reserve in 2014/15. The latest estimates for Business Rates income suggests that the Council will be at its 'Safety Net' for 2014/15 to 2016/17 and therefore the balance on this reserve needs to be kept under close review.

- Contingency – this reserve provides resources to cover unforeseen issues beyond those that can be accommodated by in year contingency budgets – for example significant planning appeal costs. The reserve is topped-up using year-end surpluses if available and required. A figure of £500k is considered adequate for this purpose and therefore £53k can be released – it is proposed that this be transferred to the Special Projects Reserve.
- Discretionary Rate Relief – this reserve was established with £300k from the 2012/13 General Fund revenue surplus. Future contributions could come from excess Business Rates income subject to availability and prioritising against the 'Programme for Growth'.
- Special Projects Reserve - £880k of New Homes Bonus in 2012/13 – 2014/15 has been used to top up this reserve for the Council's 'Programme for Growth'. Contributions beyond 2014/15 are subject to sufficient NHB and/or Business Rates growth. **It must be stressed that the use of NHB resources to fund growth is wholly dependent upon achieving the revenue savings targets set.** Miscellaneous balance transfers



## Appendix A

proposed in this strategy will take the estimated available balance to around £2m by the end of 2014/15.

- 2.29 A forecast of General Fund reserve balances is set out at **Appendix B and further proposals for rationalisation of reserves are contained within the Appendix.**

### 3 Revenue Budget

#### Costs

- 3.1 It is assumed that on average costs will increase in line with inflation.
- 3.2 Whilst cuts in general grant continue, any demand led cost pressures must be contained within the net revenue budget.

#### Income

- 3.3 Income budgets continue to be under pressure although shortfalls are being managed within Access Selby's net cost envelope – being offset by cost savings where necessary. Opportunities for growing income generation remain a priority and proposals for the commercialisation of some services are currently in development. A strategic review of income generation is proposed as part of our savings work.
- 3.4 For the Core, in year 'one-off' savings are expected to backfill any investment interest shortfalls in 2014/15.

#### Savings

- 3.5 The latest versions of the savings action plans are set out at **Appendix C**. Access Selby is making progress against its savings target and has up to £161k headroom within its savings plan (i.e. savings identified in excess of target). This headroom is reliant on achieving the savings identified.
- 3.6 The Core savings target has been achieved for 2014/15 but £253k - £261k is still required for 2015/16 to 2016/17 – the result of anticipated funding cuts by central Government.
- 3.7 In summary the current savings plans show:

Current Savings Summary	2014/15 £000's	2015/16 £000's	2016/17 £000's
Access Selby savings to be delivered	324	372	350
Core savings to be delivered	0	307	316
<b>Total savings still to be delivered to meet targets per current plan</b>	<b>324</b>	<b>679</b>	<b>666</b>

*Targets less green savings*

### 4 Capital Programme

- 4.1 The Council's General Fund Capital Programme contains the 'business as usual' capital projects planned – these include Disabled Facilities Grants (DFGs), ICT replacements and major works to the Council's assets. Expenditure is funded by earmarked reserves set aside for these specific purposes, or in the case of DFGs, through capital receipts from Council House and other small asset sales. The approved programme is attached at **Appendix D**.
- 4.2 There is currently around £0.5m available in usable capital receipts expected over next 3 years to cover the cost of Disabled Facilities Grants. However increases in Council House sales and the Council's agreement with the Government to retain extra receipts to achieve one for one replacement of Council homes, means that our approach to usable capital receipts will need to be reviewed. The HRA Business Plan highlights this issue and further work is planned during 2014/15.
- 4.3 The fire at Abbey Leisure Centre and the resulting temporary gym arrangements mean that receipts from the sale of land at the former Civic Centre site will be delayed to at least 2015. These receipts were originally earmarked for the Programme for Growth although they have been substituted by other resources to mitigate the need for additional borrowing. If they are realised then they will be available for reinvestment in the district or could be used to repay debt if this could achieve a more favourable outcome for the Council.
- 4.4 At this stage there are plans to take out further (internal) prudential borrowing to cover the purchase of a strategic site at Burn. Further borrowing requirements will be kept under review as any new 'Programme for Growth' is developed.

### 5 Programme for Growth

- 5.1 The 'Programme for Growth' is the Council's strategic programme to support delivery of its Corporate Plan. The programme comprises a range of cross cutting projects designed to '**build a stronger Selby district**' by investing in jobs; housing and infrastructure; retail; and the leisure economy. The approved programme is set out at **Appendix E**.
- 5.2 The programme to the end of 2014/15 is currently sustained by New Homes Bonus (£880k p.a.). In summary, the latest programme is set out in the table overleaf:

## Appendix A

<b>Programme</b>	<b>Capital £000</b>	<b>Revenue £000</b>
Prog management	0	93
Housing	100	209
Infrastructure	0	85
Jobs	0	118
Retail	0	500
Leisure	7,032	55
Strategic sites	1,750	0
<b>Total</b>	<b>8,882</b>	<b>1,060</b>
<b>Funding</b>		
Special Projects Reserves	3,849	1,133
Insurance Claim ALC	3,000	0
Sport England Grant	2,033	0
<b>Uncommitted Balance</b>	<b>0</b>	<b>73</b>

- 5.3 There currently remains £1m in the strategic sites pot, which subject to commitments during 2014/15, could be available to roll forward into a new Programme for Growth for 2015/16 onwards.
- 5.4 Taking into account the £600k resources released from the Pensions Reserve and the £174k from General Balances plus other miscellaneous balances and then the potential for New Homes Bonus at £880k p.a., resources of around £6.5m could be available to support a programme for the next 5 years. This of course relies heavily on no major changes to the New Homes Bonus scheme and delivery of the savings needed to balance the revenue budget.
- 5.5 There may also be opportunity to extend the programme further through bids for funding from external partners (such as the LEP) and/or should income allow, through excess Business Rates.
- 5.6 Subject to a decision to extend the programme, proposals for resource prioritisation and allocation to projects will be considered as part of the refresh of our Corporate Plan and Budget.

## Appendix A

### 6 Revenue Budget Outlook 2015/16 to 2017/18

6.1 The forecasted resources available to support the revenue budget for 2015/16 to 2017/18, are shown in the table below (mid case):

General Fund Revenue Resources	2015/16 £000's	2016/17 £000's	2017/18 £000's
Council Tax	4,688	4,829	4,975
SUFA	3,985	3,586	3,228
NHB	2,113	2,496	2,451
Special and Specific Grants	0	0	0
Collection Fund Surplus	0	0	0
Business Rates Collection Fund Deficit	-164	-164	-164
<b>Total Resources</b>	<b>10,621</b>	<b>10,748</b>	<b>10,490</b>
Core	4,145	3,839	3,954
Access Selby	6,140	6,334	6,524
Investment Interest	(200)	(300)	(300)
Parish Grant	96	86	77
Reserves Transfers (Net)	935	1,201	1,226
<b>Total Net Budget</b>	<b>11,116</b>	<b>11,160</b>	<b>11,481</b>
<b>Surplus/(Deficit)</b>	<b>(495)</b>	<b>(412)</b>	<b>(991)</b>

6.2 Based on the mid-range scenario, the gap between projected expenditure and funding is forecast at £991k by 2017/18 (subject to assumptions and delivery of Access Selby's current savings targets). Taking into account Access Selby's savings targets, the overall position for savings is therefore:

Savings Summary	2015/16 £000's	2016/17 £000's	2017/18 £000's
Access Selby savings planned	372	350	357
Core savings to be delivered	495	412	991
<b>Total savings still to be delivered</b>	<b>867</b>	<b>762</b>	<b>1,348</b>

6.3 Due to the uncertainty of Government grant/Business Rates it is extremely difficult to predict the level of resources we can expect beyond 2015/16. The strategy assumes that NHB is used to help backfill funding cuts but should the cuts be more severe, then additional savings may be needed or more NHB will have to be used to support the budget.

6.4 Based on the current Medium Term Financial Plan (3 year budget) and the assumptions in this paper, revenue resources are expected to fall to £10.5m by 2017/18 which reflects the reducing central funding and means that inflationary and other cost pressures must be managed within the available resources. Over the next 3 years the gap between

## Appendix A

our funding and planned spending is expected to rise to nearly £1m and then steadily climb to £1.1m by 2019/20 and to £1.6m by 2024/25.

6.5 Plans for income generation and savings to bridge this gap are developing but we must be ready to cope with more severe cuts should the need arise. Based on the savings needed and the Council's stated approach to savings, the following targets are proposed by 2017/18:

- **Transforming** through ICT and flexible working – **£350k**
- **Growing** resources through trading – **£350k**
- **Commissioning** to achieve efficiencies and reduce demand for public sector services - **£800k**

6.6 Our collaboration with North Yorkshire County Council and other partners will be an important part of this work as will the commercialisation of our business, reducing demand for services and income generation – we will develop appropriate strategies to ensure delivery of our targets.

## 7 Conclusions

7.1 Forecasted revenue resources for 2015/16 are £10.621m. Based on current spending plans our Net Revenue Budget for 2015/16 is £11.116m which means that additional savings of £495k are needed in the year.

7.2 Looking ahead to 2017/18 and the additional funding cuts expected, the deficit on the General Fund is estimated to be £991k, which when combined with savings already planned by Access Selby, means a total savings target of £1.348m will be needed by 2017/18 – an overall headline target of £1.5m is proposed to provide a small amount of added headroom.

7.3 At this stage the additional savings have been allocated to the Core and proposals for savings will be brought forward as part of the 2015/16 to 2017/18 budget.

7.4 Furthermore, there remains risk with the business rates retention scheme, the continuing economic situation, income generation and delivery of savings. The Council's longer term financial position is heavily reliant upon resources keeping pace with inflation and costs being contained within base budget.

7.5 Meeting the on-going savings challenge features strongly in the Council's strategic and operational plans and this work will continue with renewed focus. Our collaboration with North Yorkshire County Council and other partners, the commercialisation of our business, reducing demand for services and income generation will be important to this work.

- 7.6 New Homes Bonus is crucial to our financial resilience and to our capacity to invest in Selby District. Whilst a large part of this funding is directed towards supporting the Council's revenue budget, there is the potential to continue to support a future Programme for Growth and use these resources to lever further funding through partnership working. However such allocation will require the Council's savings targets to be met. Prioritising these funds will be driven by the Council's new Corporate Plan, which is scheduled for finalisation later in 2014/15.

**SELBY DISTRICT COUNCIL - 10 YEAR FINANCIAL PLAN (July 2014 V1) Best Case**

	Base	← Medium Term Financial Plan →				2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	2014/15	2015/16	2016/17	2017/18								
<b>KEY ASSUMPTIONS</b>												
Inflation		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Interest Rates		1.75%	2.00%	2.00%	2.50%	3.00%	3.50%	4.00%	4.00%	4.00%	4.00%	4.00%
Tax Base Increase		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Government Grant (SUFA) Increase		-15.40%	-8.00%	-8.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Council Tax Increase		2.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>COUNCIL TAX</b>												
Tax Base (Number of Band D Equivalents)	28.089	28.370	28.654	28.940	29.230	29.522	29.817	30.115	30.416	30.721	31.028	
Council Tax @ Band D (£)	162.00	165.24	168.54	173.60	178.81	184.17	189.70	195.39	201.25	207.29	213.51	
Council Tax Income (£000's)	4,550	4,688	4,829	5,024	5,227	5,437	5,656	5,884	6,121	6,368	6,625	
Precept (£000's)	4,550	4,688	4,829	5,024	5,227	5,437	5,656	5,884	6,121	6,368	6,625	
<b>REVENUE FINANCING</b>												
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Council Tax	4,550	4,688	4,829	5,024	5,227	5,437	5,656	5,884	6,121	6,368	6,625	
SFA	4,710	3,985	3,666	3,373	3,440	3,509	3,579	3,651	3,724	3,798	3,874	
Top-slice for Parish CTS	-	-	-	-	-	-	-	-	-	-	-	
Transitional Council Tax Support	-	-	-	-	-	-	-	-	-	-	-	
Council Tax Freeze Grant	-	-	-	-	-	-	-	-	-	-	-	
New Homes Bonus	1,725	2,113	2,496	2,451	2,451	2,451	2,451	2,451	2,451	2,451	2,451	
Special and Specific Grants	115	-	-	-	-	-	-	-	-	-	-	
Council Tax Collection Fund Surplus/Deficit	74	-	-	-	-	-	-	-	-	-	-	
Business Rates Collection Fund Surplus/Deficit	- 164	50	50	50	-	-	-	-	-	-	-	
<b>TOTAL EXTERNAL RESOURCES</b>	<b>11,010</b>	<b>10,835</b>	<b>11,041</b>	<b>10,898</b>	<b>11,118</b>	<b>11,397</b>	<b>11,686</b>	<b>11,986</b>	<b>12,296</b>	<b>12,617</b>	<b>12,950</b>	

<b>REVENUE BUDGET</b>	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Operational Budget - Core	5,545	4,225	3,839	3,954	4,073	4,331	4,321	4,450	4,584	4,874	4,863
Operational Budget - Access Selby	6,142	6,140	6,334	6,524	6,720	6,921	7,129	7,343	7,563	7,790	8,024
Investment Interest	- 250	- 280	- 300	- 300	- 300	- 300	- 300	- 300	- 300	- 300	- 300
Parish CTS Grant	113	96	86	77							
<b>Contributions to Reserves:</b>											
PFI Scheme (Updated - incl SDC's contribu	386	394	402	435	437	440	442	443	443	443	443
Building Repairs	130	130	130	130	130	130	130	130	130	130	130
Computer Development	150	150	150	150	150	150	150	150	150	150	150
District Election	30	30	34	34	34	34	34	38	38	38	38
Pension Equalisation	186	181	183	183	183	183	183	183	183	183	183
Special Projects/P4G (C.Tax Freeze Grant)	95	119									
Special Projects/P4G (New Homes Bonus)	880	880	880	880	880	880	880	880	880	880	880
<b>Contributions from Reserves:</b>											
Spend to Save											
ICT	- 230	- 100									
PFI	- 391	- 402	- 414	- 422	- 434	- 447	- 459	- 472	- 484	- 497	- 497
Building Repairs	- 93										
Special Project/P4G	- 1,519	- 163									
District Election		- 120				- 136				- 153	
Business Rates Equalisation	- 164										
<b>Forecast Net Revenue Budget</b>	<b>11,010</b>	<b>11,280</b>	<b>11,324</b>	<b>11,645</b>	<b>11,873</b>	<b>12,186</b>	<b>12,509</b>	<b>12,845</b>	<b>13,187</b>	<b>13,539</b>	<b>13,914</b>



**SELBY DISTRICT COUNCIL - 10 YEAR FINANCIAL PLAN (July 2014 V1) Mid Case**

**Appendix A(ii)**

	Base 2014/15	← Medium Term Financial Plan →				2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
		2015/16	2016/17	2017/18								
<b>KEY ASSUMPTIONS</b>												
Inflation		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Interest Rates		1.25%	2.00%	2.00%	2.50%	3.00%	3.50%	4.00%	4.00%	4.00%	4.00%	4.00%
Tax Base Increase		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Government Grant (SUFA) Increase		-15.40%	-10.00%	-10.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Council Tax Increase		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>COUNCIL TAX</b>												
Tax Base (Number of Band D Equivalentents)	28.089	28.370	28.654	28.940	29.230	29.522	29.817	30.115	30.416	30.721	31.028	
Council Tax @ Band D (£)	162.00	165.24	168.54	171.92	175.35	178.86	182.44	186.09	189.81	193.60	197.48	
Council Tax Income (£000's)	4,550	4,688	4,829	4,975	5,126	5,280	5,440	5,604	5,773	5,948	6,127	
Precept (£000's)	4,550	4,688	4,829	4,975	5,126	5,280	5,440	5,604	5,773	5,948	6,127	
<b>REVENUE FINANCING</b>												
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Council Tax	4,550	4,688	4,829	4,975	5,126	5,280	5,440	5,604	5,773	5,948	6,127	
SFA	4,710	3,985	3,586	3,228	3,292	3,358	3,425	3,494	3,564	3,635	3,707	
Transitional Council Tax Support	-	-	-	-	-	-	-	-	-	-	-	
Council Tax Freeze Grant	-	-	-	-	-	-	-	-	-	-	-	
New Homes Bonus	1,725	2,113	2,496	2,451	2,451	2,451	2,451	2,451	2,451	2,451	2,451	
Special and Specific Grants	115	-	-	-	-	-	-	-	-	-	-	
Council Tax Collection Fund Surplus/Deficit (-)	74	-	-	-	-	-	-	-	-	-	-	
Business Rates Collection Fund Surplus/Deficit (-)	- 164	- 164	- 164	- 164	-	-	-	-	-	-	-	
<b>TOTAL EXTERNAL RESOURCES</b>	<b>11,010</b>	<b>10,621</b>	<b>10,748</b>	<b>10,490</b>	<b>10,869</b>	<b>11,089</b>	<b>11,316</b>	<b>11,549</b>	<b>11,788</b>	<b>12,033</b>	<b>12,286</b>	

REVENUE BUDGET	Base	← Medium Term Financial Plan →				2018/19	2019/20	2020/21	2021/22	2022/23	Appendix A(ii)	
	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2023/24 £000's						2024/25 £000's	
Operational Budget - Core	5,545	4,145	3,839	3,954	4,073	4,331	4,321	4,450	4,584	4,874	4,863	
Operational Budget - Access Selby	6,142	6,140	6,334	6,524	6,720	6,921	7,129	7,343	7,563	7,790	8,024	
Investment Interest	- 250	- 200	- 300	- 300	- 300	- 300	- 300	- 300	- 300	- 300	- 300	
Parish CTS Grant	113	96	86	77								
<b>Contributions to Reserves:</b>												
PFI Scheme (Updated - incl SDC's contributic	386	394	402	435	437	440	442	443	443	443	443	
Building Repairs	130	130	130	130	130	130	130	130	130	130	130	
Computer Development	150	150	150	150	150	150	150	150	150	150	150	
District Election	30	30	34	34	34	34	34	38	38	38	38	
Pension Equalisation	186	181	183	183	183	183	183	183	183	183	183	
Special Projects/P4G (C.Tax Freeze Grant)	95	119										
Special Projects/P4G (New Homes Bonus)	880	880	880	880	880	880	880	880	880	880	880	
<b>Contributions from Reserves:</b>												
Spend to Save												
ICT	- 230	- 100										
PFI	- 391	- 402	- 414	- 422	- 434	- 447	- 459	- 472	- 484	- 497	- 497	
Building Repairs	- 93											
Special Project/P4G	- 1,519	- 163										
District Election		- 120					- 136			- 153		
Business Rates Equalisation	- 164	- 164	- 164	- 164								
<b>Forecast Net Revenue Budget</b>	<b>11,010</b>	<b>11,116</b>	<b>11,160</b>	<b>11,481</b>	<b>11,873</b>	<b>12,186</b>	<b>12,509</b>	<b>12,845</b>	<b>13,187</b>	<b>13,539</b>	<b>13,914</b>	
<b>Difference between resources and forecast budget (a - b)</b>	<b>0</b>	<b>- 495</b>	<b>- 412</b>	<b>- 991</b>	<b>- 1,004</b>	<b>- 1,097</b>	<b>- 1,194</b>	<b>- 1,297</b>	<b>- 1,399</b>	<b>- 1,505</b>	<b>- 1,628</b>	

**SELBY DISTRICT COUNCIL - 10 YEAR FINANCIAL PLAN (July 2014 V1) Worst Case**

	Base 2014/15	← Medium Term Financial Plan → 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>KEY ASSUMPTIONS</b>											
Inflation		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Interest Rates		1.25%	2.00%	2.00%	2.50%	3.00%	3.50%	4.00%	4.00%	4.00%	4.00%
Tax Base Increase		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Government Grant (SUFA) Increase		-15.40%	-12.00%	-12.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Council Tax Increase		0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>COUNCIL TAX</b>											
Tax Base (Number of Band D Equivalents)	28.089	28.370	28.654	28.940	29.230	29.522	29.817	30.115	30.416	30.721	31.028
Council Tax @ Band D (£)	162.00	162.00	162.00	165.24	168.54	171.92	175.35	178.86	182.44	186.09	189.81
Council Tax Income (£000's)	4,550	4,596	4,642	4,782	4,927	5,075	5,229	5,386	5,549	5,717	5,889
Precept (£000's)	4,550	4,596	4,642	4,782	4,927	5,075	5,229	5,386	5,549	5,717	5,889
<b>REVENUE FINANCING</b>											
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Council Tax	4,550	4,596	4,642	4,782	4,927	5,075	5,229	5,386	5,549	5,717	5,889
SFA	4,710	3,985	3,507	3,086	3,147	3,210	3,275	3,340	3,407	3,475	3,545
Top-slice for Parish CTS	- 160	-	-	-	-	-	-	-	-	-	-
Transitional Council Tax Support	-	-	-	-	-	-	-	-	-	-	-
Council Tax Freeze Grant	48	-	-	-	-	-	-	-	-	-	-
New Homes Bonus	1,725	2,113	2,496	2,451	2,451	2,451	2,451	2,451	2,451	2,451	2,451
Special and Specific Grants	115	-	-	-	-	-	-	-	-	-	-
Council Tax Collection Fund Surplus/Defic	74	-	-	-	-	-	-	-	-	-	-
Business Rates Collection Fund Surplus/D	- 164	- 164	- 164	- 164	-	-	-	-	-	-	-
<b>TOTAL EXTERNAL RESOURCES</b>	<b>11,062</b>	<b>10,694</b>	<b>10,644</b>	<b>10,319</b>	<b>10,525</b>	<b>10,737</b>	<b>10,954</b>	<b>11,177</b>	<b>11,407</b>	<b>11,643</b>	<b>11,885</b>

<b>REVENUE BUDGET</b>	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Operational Budget - Core	5,545	4,145	3,839	3,954	4,073	4,331	4,321	4,450	4,584	4,874	4,863
Operational Budget - Access Selby	6,142	6,140	6,334	6,524	6,720	6,921	7,129	7,343	7,563	7,790	8,024
Investment Interest	- 250	- 200	- 300	- 300	- 300	- 300	- 300	- 300	- 300	- 300	- 300
Parish CTS Grant	113	96	86	77							
<b>Contributions to Reserves:</b>											
PFI Scheme (Updated - incl SDC's contributi	386	394	402	435	437	440	442	443	443	443	443
Building Repairs	130	130	130	130	130	130	130	130	130	130	130
Computer Development	150	150	150	150	150	150	150	150	150	150	150
District Election	30	30	34	34	34	34	34	38	38	38	38
Pension Equalisation	186	181	183	183	183	183	183	183	183	183	183
Special Projects/P4G (C.Tax Freeze Grant	95	119									
Special Projects/P4G (New Homes Bonus)	880	880	880	880	880	880	880	880	880	880	880
<b>Contributions from Reserves:</b>											
Spend to Save											
ICT	- 230	- 100									
PFI	- 391	- 402	- 414	- 422	- 434	- 447	- 459	- 472	- 484	- 497	- 497
Building Repairs	- 93										
Special Project/P4G	- 1,519	- 163									
District Election		- 120				- 136				- 153	
Business Rates Equalisation	- 164	- 164	- 164	- 164							
<b>Forecast Net Revenue Budget</b>	<b>11,010</b>	<b>11,116</b>	<b>11,160</b>	<b>11,481</b>	<b>11,873</b>	<b>12,186</b>	<b>12,509</b>	<b>12,845</b>	<b>13,187</b>	<b>13,539</b>	<b>13,914</b>
<b>Difference between resources and forecast budget (a - b)</b>	<b>52</b>	<b>- 422</b>	<b>- 516</b>	<b>- 1,162</b>	<b>- 1,348</b>	<b>- 1,450</b>	<b>- 1,555</b>	<b>- 1,668</b>	<b>- 1,780</b>	<b>- 1,896</b>	<b>- 2,029</b>

<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>Comments</b>
	£	£	£	£	£	£	£	£	£	£	
<b>Revenue Reserves</b>											
<b>General Fund</b>											
<b>Reserves to fund future commitments:</b>											
PFI Scheme	2,406	- 391	386	2,401	- 402	394	2,393	- 414	402	2,381	
ICT	630	- 472	200	358	- 228	200	330	- 342	200	188	
Building Repairs & Projects	674	- 524	130	280		130	410		130	540	
Election	97		30	127	- 120	30	37		34	71	
Tadcaster Central Area	273	- 273		-			-			-	Transfer £136k balance to Programme for Growth
Industrial Units	60	- 24		36			36			36	
Open Space Maintenance	11			11			11			11	
	4,151	- 1,684	746	3,213	- 750	754	3,217	- 756	766	3,227	
<b>Reserves to fund growth and improvement:</b>											
Special Projects (Programme for Growth)	2,667	- 2,566	2,239	2,340	- 88	999	3,251	- 30	880	4,101	Assumes allocated resources to 2014/15 are spent as planned
Special Projects (Non_PFG commitments)	317	- 317		-			-			-	£167k balance transferred to Programme for Growth
Discretionary Rate Relief Fund	300			300			300			300	
NYCC Collaboration	250			250			250			250	
Business Development (Spend To Save)	272		228	500			500			500	
	3,806	- 2,883	2,467	3,390	- 88	999	4,301	- 30	880	5,151	
<b>Reserves to mitigate financial risk:</b>											
Pensions Equalisation Reserve	600	- 600	186	186		181	367		183	550	£600k transferred to Programme for Growth
NDR Equalisation	3,610	- 3,282	361	689	- 164		525	- 164		361	Sufficient balance for further 2 years cover down to safety net
Planning Inquiries	100	- 100		-			-			-	£100k Transferred to Programme for Growth
Access Selby	592	- 342		250		164	414		203	617	To mitigate financial risk for Access Selby - contributions subject to in year surpluses
Contingency	553	- 53		500			500			500	Funds to cover planning appeals and inquiries plus other unforeseen items
General Fund	1,674	- 174		1,500			1,500			1,500	Working Balance - funding of last resort
	7,129	- 4,551	547	3,125	- 164	345	3,306	- 164	386	3,528	
<b>Other Reserves:</b>											
Sherburn Amenity Land	10	- 10		-			-			-	Transfer to Programme for Growth
Wheeled Bins	18	- 18		-			-			-	No calls on this funding - transfer to Programme for Growth
	28	- 28		-			-			-	
<b>Sub Total</b>	<b>15,114</b>	<b>- 9,146</b>	<b>3,760</b>	<b>9,728</b>	<b>- 1,002</b>	<b>2,098</b>	<b>10,824</b>	<b>- 950</b>	<b>2,032</b>	<b>11,906</b>	

## Key:

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

Proposed Savings	Status	2014/15 £	2015/16 £	2016/17 £	Progress
<b>Procurement Workstream</b>					
Election Software	Green	4,988	5,087	5,189	Completed
Audit Partnership	Green	15,918	16,236	16,561	Completed
<b>Total Procurement</b>		<b>20,906</b>	<b>21,323</b>	<b>21,750</b>	
<b>Transformation Workstream</b>					
WWT - Transformation (Core)	Green	53,060	54,122	55,204	Completed
Joint CE with NYCC appointed and 1 further FTE reduction	Green	82,000	82,820	83,648	Completed
<b>Total Transformation</b>		<b>135,060</b>	<b>136,942</b>	<b>138,852</b>	
<b>Value for Money Workstream</b>					
Internal Drainage Boards	Green	151,898	154,936	158,035	Completed
Community Safety	Green	16,236	16,561	16,892	Completed
Ward Boundary Review	Amber	-	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>168,134</b>	<b>201,497</b>	<b>204,927</b>	
<b>Base Budget Review Workstream</b>					
External Audit Fee	Green	53,370	53,370	53,370	Completed
Early Retirements - Strain on Pension Fund	Green	98,512	100,482	102,491	Completed
Corporate and Democratic Core	Green	7,140	7,283	7,428	Completed
Pay award from 2.5% est to 1% revised	Green	33,150	48,118	48,118	Completed
Internal Audit	Green	13,790	14,066	14,348	Completed
Car Allowances	Green	2,850	2,850	2,850	Completed
Civic Centre NNDR	Green	65,996	65,996	65,996	Completed
<b>Total Base Budget Review</b>		<b>274,808</b>	<b>292,165</b>	<b>294,601</b>	
<b>Discretionary Service Review Workstream</b>					
External Grants	Green	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>Income Generation Workstream</b>					
Use of assets for advertising space	Amber	5,000	25,000	25,000	Contract signed. Planning consent due by end of Oct 14. Revised target for 2014/15
<b>Total Income Generation</b>		<b>5,000</b>	<b>25,000</b>	<b>25,000</b>	
<b>Total General Fund Savings</b>		<b>615,908</b>	<b>688,927</b>	<b>697,130</b>	
<b>Savings Target</b>		<b>481,374</b>	<b>941,456</b>	<b>957,756</b>	
<b>Headroom/Deficit (+/-)</b>		<b>** 134,534 -</b>	<b>252,529 -</b>	<b>260,626</b>	
<b>Green Savings</b>		<b>610,908</b>	<b>633,927</b>	<b>642,130</b>	
<b>Amber Savings</b>		<b>5,000</b>	<b>55,000</b>	<b>55,000</b>	

**Red Savings\*\***  
**Total**

-	-	-
<u>615,908</u>	<u>688,927</u>	<u>697,130</u>

Proposed Savings	Status	2014/15	2015/16	2016/17	Progress
		£	£	£	
<b>IT &amp; Transformation Workstream</b>					
CRM Replacement	Red	-	52,785	53,840	The CRM project is underway with NYCC, and is currently on track.
Mobile Working	Red	-	125,038	142,814	Project currently under review by Access Selby Directors. Any changes will be reflected in the savings plan once the review is complete.
Spend to save initiatives	Red	25,000	25,500	26,010	Officers encouraged to highlight spend to save initiatives. Access Selby board will approve on a case by case basis.
Fuel Site	Red	1,650	-	-	- Discussions taking place with NYCC.
Review of planning advice and consultants	Amber	3,750	-	-	- Procurement team reviewing in consultation with Planning.
Joint Business Support Manager Post	Green	25,658	14,530	14,675	New manager in post from 1st September. Additional savings in Year 1 due to vacant period.
<b>Total Transformation</b>		<b>56,058</b>	<b>217,853</b>	<b>237,339</b>	
<b>Commissioning Workstream</b>					
SDC Contract Hire Vehicles	Green	-	-	-	- The majority of vehicles arrived in July, several vehicles are also due in October. Dale Casson has reported that we are on target for savings, however the savings belong to the HRA so transferring to the HRA savings plan.
Banking tender	Green	-	10,000	10,000	Go live happened successfully - new service provider (Barclays) now up and running.
Printers	Green	10,000	18,811	18,811	At contract signing stage, project on track.
Lifeline pendants	Green	-	-	-	- Dale Casson has reported we're all on track for replacement and savings targets. However we cannot count these as savings as the Core provided the funds to but the pendants, so savings will repay them and build up a surplus for future replacement. Targets changed to 0.
Postage and Mail	Green	5,000	-	-	- Discussions taken place with current supplier to negotiate discount.
Insurance	Green	-	-	-	- Tendering exercise now concluded and report has been written by our brokers (Marsh) to recommend re-engagement with ZM.
External Telecoms	Green	-	-	-	- Existing contract with Daisy ends in November 2015. Need to compare bills from past few months since the change in phone system to see if there has been a reduction in spend
Stationery	Green	500	500	500	New rates negotiated, savings on track.
Supplier Engagement	Amber	25,000	-	-	- Discussions taking place with suppliers.
Reduce Tail end spend	Amber	14,500	-	-	- Being investigated by procurement and contracts team
IT Service Contracts	Amber	-	7,500	7,500	Review currently under way
Home Improvement Agency contract	Green	5,000	5,000	5,000	Joint procured contract took effect in April, full saving of £5k will be achieved this year
<b>Total Commissioning</b>		<b>60,000</b>	<b>41,811</b>	<b>41,811</b>	
<b>Income Generation Workstream</b>					
Court Cost / Summons Income - Council Tax recovery proceedings	Green	30,000	30,000	30,000	On track
Negotiation for share of out performance on Council Tax collection	Amber	4,225	4,225	4,225	For 14/15 we anticipate collecting 0.2% over the 98.1% target, meaning we could hope to achieve 5% of £84.5k: £4,225. Target remains at £4225.
Enhanced Planning Advice Service	Green	12,000	15,300	15,606	On track for £12k for 2014/15. Original target reduced from £15k to £12k in June based on uptake information.
Maximise current income streams	Red	100,000	102,000	104,040	Officers working to highlight initiatives.
Programme for Growth	Red	40,000	40,000	0	Currently undergoing a gateway review.
Policy changes to introduce new income streams	Red	0	50,000	102,000	No initiatives identified for the current year, options for future years are being reviewed.
Car Park Income	Red	20,000	20,333	21,000	Ongoing monitoring taking place.
Registrar Service	Amber	2,750	11,000	11,000	Costs agreed, and arrangement expected to commence early 2015
<b>Total Income Generation</b>		<b>208,975</b>	<b>272,858</b>	<b>287,871</b>	
<b>Other</b>					
Vacancy / Secondment savings between appointments	Amber	38,229	38,611	39,383	Monitored on a monthly basis
Agency Staff	Amber	2,500	-	-	Procurement team currently analysing this option.
<b>Total Other</b>		<b>40,729</b>	<b>38,611</b>	<b>39,383</b>	
<b>Total General Fund Savings in Progress</b>		<b>365,762</b>	<b>571,133</b>	<b>606,404</b>	



Completed (GREEN) General Fund Savings	3,000,156	3,116,582	3,174,475
Total General Fund Savings	<u>3,365,917</u>	<u>3,687,715</u>	<u>3,780,880</u>
Savings Target	<u>3,411,816</u>	<u>3,582,719</u>	<u>3,619,388</u>
Headroom/Deficit (+/-)	** - 45,899	104,996	161,492
Green Savings	3,088,313	3,210,723	3,269,068
Amber Savings	90,954	61,336	62,108
Red Savings**	186,650	415,656	449,704
Total	<u>3,365,917</u>	<u>3,687,715</u>	<u>3,780,880</u>

**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
<b><u>Grants</u></b>				
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			
<b><u>ICT Hardware &amp; Systems Within ICT Strategy</u></b>				
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

<u>PROJECTS</u>	Estimated Programme 2014/15 £	Estimated Programme 2015/16 £	Estimated Programme 2016/17 £
<b>PROJECTS</b>			
<u>Current Projects</u>			
Electrical Rewires	260,000	260,000	260,000
Central Heating - Gas	575,480	575,480	575,480
Central Heating - Solid Fuel to Gas			
Central Heating - Solid Fuel	-	232,500	75,000
Roof Replacements	350,000	210,000	
Damp Surveys & Works	300,000	300,000	300,000
Door Replacements	48,000	134,000	50,000
Kitchen Replacements	237,000	237,000	237,000
Pre Paint & Cyclical Repairs	113,000	113,000	113,000
Fencing			
<u>New Projects</u>			
Window Replacements			
Void Property Repairs	53,500	53,500	53,500
Additional External Door Replacements			
Additional Pre Paint & Cyclical Repairs			
Central Heating - Economy 7 to Gas	372,000	200,000	
Airey Properties	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>4,330,980</b>	<b>4,045,480</b>	<b>3,393,980</b>

## SUMMARY OF FUNDING

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

## Programme for Growth

Project	Allocations		Assumed Spend Profile							Comments	
	Capital £	Revenue £	Actual 12/13 £	Estimate 13/14 £	Actual 13/14 £	Estimate 14/15 £	Estimate 15/16 £	Estimate 16/17 £	Estimate 17/18 £		Estimate 18/19 £
Programme Management		93,333	3,011	40,000		40,000	10,322	-			Officer support for 3 years
Housing Trust	-	180,000	3,600	33,900		30,000	30,000	30,000	30,000	22,500	£30k set up costs plus development support to the Trust of £30k p.a. for 5 years from January 2014
Housing Policy Reviews	-	-									£20k originally allocated but work subsumed within other projects
Empty homes	100,000	26,000	-	31,500		63,000	31,500	-	-	-	Strategy and support plus loans pot
43 Kirkgate	-	3,540	-	3,540		-	-	-	-	-	Planning permission preparation and fees
Environment - infrastructure review	-	20,000	-	20,000		-	-	-	-	-	Linked to retail works streams
Environment - policy reviews	-	-									£20k originally allocated but work subsumed within other projects
Environment - Masterplan	-	50,000	-	50,000		-	-	-	-	-	Linked to retail workstreams
Environment - improvements to gates	-	15,000	-	15,000		-	-	-	-	-	Roundabout schemes and associated initiatives
Identify target sector	-	5,000	-	5,000		-	-	-	-	-	Research project to support associated strategies and policies
Business Selby	-	40,000	-	29,500		10,500	-	-	-	-	Open for Business initiatives
Ready 4 Work	-	72,500	-	19,300		37,100	16,100	-	-	-	Over 2 years plus match funding from Access Selby
Leisure Centre New Build	7,032,050	-	-	1,900,000		5,132,050	-	-	-	-	£2m P4G, £2m from Sport England and £3m insurance claim
Affordable Access	-	-									£25k on-going cost met by savings on ALC
Community Delivery	-	-									£126.5k p.a. - met by savings from WLCT contract
Selby Leisure Village	-	54,500	-	14,000		40,500	-	-	-	-	Project supported at Competitive Dialogue stage but full scheme and costs not yet established - 50% ISDS fees underwritten should scheme not go ahead
Retail experience	-	350,000	-	350,000		-	-	-	-	-	Initiatives to support 3 Market Towns
Growing enterprise	-	150,000	-	150,000		-	-	-	-	-	As above
Site acquisition fund: - 55 - 57 Bondgate	1,150,000 600,000	- -	5,090 -	1,052,000 600,000		92,910 -	- -	- -	- -	- -	Subject to business cases - £5,090 spend on abortive costs for travellers site Purchase of land
<b>Total</b>	<b>8,882,050</b>	<b>1,059,873</b>	<b>11,701</b>	<b>4,313,740</b>	<b>-</b>	<b>5,446,060</b>	<b>87,922</b>	<b>30,000</b>	<b>30,000</b>	<b>22,500</b>	
<b>Total</b>		<b>9,941,923</b>									
<b>Resources</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Special Projects Reserves	4,982,000		11,701	4,313,740		413,560	87,922	30,000	30,000	22,500	Revenue and Capital Reserves
Insurance Claim - ALC	3,000,000					3,000,000					Selby Leisure Centre
Sport England Grant	2,032,500					2,032,500					Selby Leisure Centre
<b>Total</b>	<b>10,014,500</b>		<b>11,701</b>	<b>4,313,740</b>		<b>5,446,060</b>	<b>87,922</b>	<b>30,000</b>	<b>30,000</b>	<b>22,500</b>	
<b>Funding contingency</b>		<b>72,577</b>									

# Selby District Council

## REPORT

Reference: E/14/20

Public - Item 5



**To:** The Executive  
**Date:** 4 September 2014  
**Status:** Key Decision  
**Report Published:** 27 August 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 30 June 2014

### Summary:

At the end of quarter 1, the full year forecast for the General Fund shows an estimated surplus of £416k (£337k Core & £79k Access Selby) and the HRA an estimated surplus of £23k. £361k of the Core General Fund surplus relates to prior year NNDR adjustments. Savings targets for the year have already been achieved for Core General Fund and HRA. Access Selby General Fund is currently £108k short of target. Capital Programme on the HRA is progressing well with minimal slippage expected for the year. There are delays within the General Fund Capital programme mainly relating to CRM, Mobile working and Mast relocation which will impact on savings realisation.

### Recommendations:

#### It is recommended that:

- i) The Board endorse the actions of officers and note the contents of the report.
- ii) Budgets be updated to reflect the additional income to the General Fund relating to prior years adjustments to NNDR and a corresponding increase to the Business Rate Equalisation reserve to be made.
- iii) Capital budget for CRM be updated to include back-filling costs

of £19,763 approved with the business case.

## 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 for the 1st quarter 2014/15 against the approved budgets.

#### General Fund - Revenue

- 1.2 The full year forecast for the General Fund currently shows an estimated surplus of £416k (£337k Core & £79k Access Selby).

General Fund	Budget £000's	Forecast Full Year variance £000's
Core	4,669	(337)
Access Selby	6,142	(79)
Communities Selby	199	0
	11,010	(416)

- 1.3 The core surplus is largely due to a prior year adjustment on NNDR income. It is proposed that this be transferred to the Business Rate Equalisation reserve to offset future losses.
- 1.4 Access Selby General Fund is currently forecasting a 2014/15 surplus of £79k, a large proportion of this relates to employee costs, which are under constant review to ensure they are always as up to date as possible. However with projects such as the NYCC collaboration in the pipeline these are likely to change over the course of the year.

#### Housing Revenue Account

- 1.5 The HRA full year forecast surplus is £35k.

HRA	Budget £000's	Forecast Full Year variance £000's
Core	4,231	12
Access Selby	7,042	(35)
Communities Selby	0	0
	11,273	(23)

- 1.6 Access Selby HRA is forecasting a current year end surplus of £35k largely due to increased non-dwelling maintenance recharges.
- 1.7 The Core HRA deficit of £12k relates to a forecasted shortfall in investment income due to interest rates remaining low.

### **Capital**

- 1.8 There are several capital budget exceptions for 2014/15, the details of which are set out in Appendix B. The General fund is experiencing some delays in relation to the CRM, website and mast relocation projects. Proposals for the CRM and website are progressing with NYCC and it is expected that a decision will be made in the year about the future of the mast. There will be some backfilling costs in relation to the CRM project that were identified in the business case, it is recommended that the budget be adjusted to reflect this. The HRA is seeing good progress with the programme with minimal slippage expected for the year.

### **Savings**

- 1.9 Appendix C presents an update on progress against the Council's savings action plan for the General Fund and HRA.
- 1.10 As at the end of quarter 1 General Fund savings of £3.636m (£570k Core & Communities Selby and £3.066m Access Selby) and HRA (Access Selby) savings of £392k have been achieved or highly likely to be achieved to the end of the year as at the end of quarter 1. With an additional £238k of red and amber savings being identified within Access Selby General Fund.
- 1.11 There is a £108k shortfall against the General Fund target which officers are working to fill. There are a number of proposals currently being worked up to fill this gap such as, spend to save initiatives within benefits to realise productivity savings and efficiency savings from software licencing & consultancy. It is expected the target will be met by year end.

## **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 financial results show a good start to the year. Delays within the General Fund Capital programme are having an impact on savings, however it is expected that the targets will be achieved for 2014/15.

#### **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 2014 - June 2014

## Core

## General Fund Expenditure

Budget Description	Annual Budget £000's	Forecast Variance £000's	One-Off/ On-going	Comments
Employees	1,327	(37)	On-going	Savings have been generated in Democratic Services (£32.2k) through frozen posts. A small saving has been generated on pension backfunding payments by paying in one lump sum for the year (£4k).
Drainage Board Levy	1,563	(19)	On-going	Lower than anticipated increase in IDB charges.
Grant NDR / RSG	(4,710)	(361)	One-Off	NNDR balance on collection fund to be transferred to General Fund as per agreement with DCLG.
<b>Total Variance - General Fund Expenditure</b>		<b>(417)</b>		

## Core

## General Fund Income

Budget Description	Annual Budget £000's	Forecast Variance £000's	One-Off/ On-going	Comments
Investment Income	250	78	On-going	With interest rates remaining low, a shortfall in investment income is expected during 14/15.
<b>Total Variance - General Fund Income</b>		<b>78</b>		
<b>Total Variance - Operating (Surplus)/deficit</b>		<b>(339)</b>		

## Access Selby

## General Fund Income

Budget Description	Annual Budget £000's	Forecast Variance £000's	One-Off/ On-going	Comments
Government Grants	18,038	(7)	On-going	One-Off Defra new burden funding to be utilised.
Customer & Client Receipts	3,342	(6)	On-going	Land charges based on current trend will exceed target by (£8k), Lifeline private payer income (£5k) offset by car park fines £7k due to the new enforcement arrangements.
<b>Total Variance - General Fund Income</b>		<b>(13)</b>		

## Access Selby

## General Fund Expenditure

Budget Description	Annual Budget £000's	Forecast Variance £000's	One-Off/ On-going	Comments
Employees	5,626	(62)	One-Off	Saving relates to vacant and frozen posts across Access Selby.
<b>Total Variance - General Fund Expenditure</b>		<b>(62)</b>		
<b>Total Variance - Operating (Surplus)/deficit</b>		<b>(75)</b>		

**Core  
Housing Revenue Account Income**

Budget Description	Annual Budget £000's	Forecast Variance £000's	One-Off/ On-going	Comments
Investment Income	40	12	On-going	With interest rates remaining low, a shortfall in investment income is expected during 14/15.
<b>Total Variance - General Fund Income</b>		<b>12</b>		
<b>Total Variance - Operating (Surplus)/deficit</b>		<b>12</b>		

**Access Selby  
Housing Revenue Account Income**

Budget Description	Annual Budget £000's	Forecast Variance £000's	One-Off/ On-going	Comments
Recharges	(44)	(25)	On-going	Work normally done by subcontractors is being completed by in-house staff, the costs of which can then be recharged.
<b>Total Variance - HRA Income</b>		<b>(25)</b>		

**Access Selby  
Housing Revenue Account Expenditure**

Budget Description	Annual Budget £000's	Forecast Variance £000's	One-Off/ On-going	Comments
Employess	94	7	On-going	Small variances are anticipated for the Electrical Supervisor for call outs etc and cleaning costs at Edgerton Lodge.
Premises	813	(5)	One-Off	Saving currently anticipated on footpath maintenance as this is reponsive work and will only be spent when repairs are required.
<b>Total Variance - HRA Expenditure</b>		<b>2</b>		
<b>Total Variance - Operating (Surplus)/deficit</b>		<b>(23)</b>		

**2014/15 Selby District Council Capital Programme - Quarter 1**

**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	24,380	0	595	595	24,380	0	Some maintenance is required before road can be adopted, with a view to completing the project this year.
Tadcaster Central Area Redevelopment	137,200	34,300	58,769	24,469	87,200	-50,000	Major works now completed, minor snagging issues and landscaping still to finish.
Mast Relocation Project	142,330	0	1,749	1,749	142,330	0	Further options are being considered in regard to the future of the mast and its location.
Portholme Road Culvert	150,000	0	0	0	150,000	0	Meeting taken place with Environment Agency to progress, project recommendations and costings expected October.
Lifeline Equipment	180,000	0	0	0	140,000	-40,000	Preferred supplier identified, with a view to ordering equipment shortly, programmed to implement when the current contract ends in September although there will be some crossover between removing old equipment and installing the new.
Transactional Website	85,000	0	0	0	85,000	0	This is linked to the CRM project, discussions with NYCC are taking place and work is due to commence which will decide which processes will be delivered through the CRM and which will be delivered using web services.
Northgate Revs & Bens	10,000	0	0	0	10,000	0	Application patched upgrades for Legislation changes etc
ICT Infrastructure Replacement	35,000	8,750	4,838	-3,913	35,000	0	IT Replacement costs for virtual server, virtual software and storage.
ICT Application Delivery	5,800	5,800	5,705	-95	5,705	-95	Completion of the ICT application project work rolling out new equipment to all sections.
DIP Upgrade	31,900	0	1,500	1,500	31,900	0	Further updates to DIP are required this year but a saving of £8k will be generated, this has been identified to fund a Legal System.
IDOX Upgrade	10,000	2,500	0	-2,500	10,000	0	Work required for Uniform compatibility
Environmental Health System	58,000	29,000	32,002	3,002	58,000	0	Work started in May to complete by September unless there are issues with Data Migration
CRM	55,385	0	0	0	75,148	19,763	Project to commence July 2014 with a 6 to 10 month implementation. Backfilling costs of £19763 were approved as part of the project costs by Executive in Nov'12, but excluded from the Capital Programme. Request for the additional budget required.
Mobile Working Solution	136,000	0	0	0	136,000	0	Reliant on other large upgrades being completed such as the housing system, so may experience delays.
Genero Housing System	75,000	0	0	0	75,000	0	Specification for system almost completed than tender process can commence.
ICT - Desktop Replacement Programme	17,500	4,375	4,964	589	17,500	0	This is for a continuous cycle of updating desktop equipment.
Asset Management Plan - Leisure & Parks	79,140	0	0	0	79,140	0	For work to Tadcaster Leisure Centre and Selby Park Crazy Golf.
CCTV - Fibre Hub	14,000	3,500	0	-3,500	14,000	0	Work now completed in removing columns, just waiting for invoices.
Abbey Leisure Centre -All Weather Pitch	250,000	0	0	0	250,000	0	In conjunction with the Abbey Leisure Centre rebuild.
P4G Abbey Leisure Centre Rebuild	320,000	320,000	315,977	-4,023	320,000	0	Progression on the rebuild, with completion expected spring 2015.
Private Sector - Home Improvement Loans	30,000	0	-3,033	-3,033	30,000	0	To date, 1 has been approved and 2 repayments have been received from previous loans which are recycled in to the scheme. To date more money has been received back than paid out.
Disabled Facilities Grants	367,750	20,000	14,520	-5,480	367,750	0	To date 2 grants that were approved last year have been paid, a further 10 have been approved.
	<b>2,214,385</b>	<b>428,225</b>	<b>437,586</b>	<b>9,361</b>	<b>2,144,053</b>	<b>-70,332</b>	

**2014/15 Selby District Council Capital Programme - Quarter 1**

**Appendix B**

<b>Housing Revenue Account</b>	<b>Annual Budget</b>	<b>Year to date Budget</b>	<b>Year to date Actual</b>	<b>Year to date Variance</b>	<b>Forecast</b>	<b>Forecast Variance</b>	
Kitchen Replacements	250,820	5,000	2,816	-2,184	250,820	0	Only kitchen work being completed on Airey properties, the main scheme is to be procured to commence November.
Electrical Rewires	264,420	66,105	42,222	-23,883	264,420	0	A large proportion of this will be used for the Airey programme, other work continues on a prioritised basis.
Airey Property Works	1,748,130	1,200,000	1,188,987	-11,013	1,748,130	0	Work is planned to be completed by September and is currently on track.
Central Heating System Replacements	1,147,480	286,870	65,297	-221,573	1,147,480	0	Programme of replacements continues. To date approximately 180 boiler or heating systems have been ordered, including fuel switches (see below). Plan to complete 500 replacements (230 Boiler replacements and 270 E7 & Fuel Switches) during the year.
Solid Fuel System Replacements	80,000	0	244	244	80,000	0	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. Less failures than anticipated although these will still need to be replaced in the future.
Roof Replacements	359,000	0	136	136	359,000	0	Scheme in Tadcaster currently held up by leaseholder tenants (19 of the 70 properties planned), work to be priced with a view to commencing September / October
Damp Works	300,000	30,000	26,330	-3,670	300,000	0	Work continues to cover more responsive work including some prevention measures (improving ventilation).
External Cyclical Repairs (Painting & Windows)	113,000	0	0	0	113,000	0	Work is currently being priced with a view to starting July and finishing October.
External Door Replacements	62,900	15,725	18,552	2,827	62,900	0	To run alongside the painting programme.
Void Property Repairs	53,500	13,375	4,548	-8,827	53,500	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 level of void work is being managed both through capital and revenue budgets.
	<b>4,379,250</b>	<b>1,617,075</b>	<b>1,349,132</b>	<b>-267,943</b>	<b>4,379,250</b>	<b>0</b>	
<b>Total Capital Programme</b>	<b>6,593,635</b>	<b>2,045,300</b>	<b>1,786,718</b>	<b>-258,582</b>	<b>6,523,303</b>	<b>-70,332</b>	

**CORE  
GENERAL FUND BASE BUDGET  
SAVINGS/EFFICIENCIES ACTION PLAN  
2014/15 - 2016/17**

**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>Inflation factor</b>		0.020	0.020	0.020	
<b>Procurement Workstream</b>					
Election software	Green	4,988	5,087	5,189	Completed
Audit Partnership	Green	15,918	16,236	16,561	Completed
		<b>20,906</b>	<b>21,324</b>	<b>21,750</b>	
<b>Transformation Workstream</b>					
WTT - Transformation (Core)	Green	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>135,060</b>	<b>136,942</b>	<b>138,852</b>	
<b>Value for Money Workstream</b>					
Internal Drainage Boards	Green	151,898	154,936	158,035	Completed
Community Safety	Green	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>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	Completed
Early Retirements - Strain on Pension Fund	Green	98,512	100,482	102,491	Completed
Corporate and Democratic Core	Green	7,140	7,283	7,428	Completed
Pay Award from 2.5% est to 1% revised	Green	33,150	48,118	48,118	Completed
Internal Audit	Green	13,790	14,066	14,348	Completed
Car Allowances	Green	2,850	2,850	2,850	Completed
<b>Total Base Budget Review</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	Completed

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

ACCESS SELBY

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

GENERAL FUND BASE BUDGET SAVINGS/EFFICIENCIES ACTION PLAN

Proposed Savings	Status	2014/15		2015/16		2016/17		Progress
		£		£		£		
<b>IT &amp; Transformation Workstream</b>			0.020		0.020		0.020	
CRM Replacement	Red		-		52,785		53,840	Delays due to negotiation with NYCC
Mobile Working	Red		-		125,038		142,814	There is uncertainty around this project, both the solution and the savings achievable. Needs to be monitored closely
<b>Total Transformation</b>			-		<b>177,823</b>		<b>196,654</b>	
<b>Spend to Save Workstream</b>								
Spend to save initiatives	Red		25,000		25,500		26,010	Various projects are being considered (including Property Inspections-NNDR business Case, Developing Commerciality Projects & ILM Initiatives) but these are still in their infancy and do not have definite figures associated with them yet
Enhanced Planning Advice Service	Green		15,000		15,300		15,606	-
<b>Total Spend to Save</b>			<b>40,000</b>		<b>40,800</b>		<b>41,616</b>	
<b>Commissioning Workstream</b>								
SDC Contract Hire Vehicles	Green		10,500		18,000		18,000	Awaiting confirmation of delivery date for vehicles - savings currently profiled to begin in September
Collaborative corporate contracts through shared procurement service	Red							Numerous potential savings may feed into this target, including photocopiers, banking tender, lifeline pendants. Awaiting confirmation of projects and figures
<b>Total Commissioning</b>			<b>33,329</b>		<b>24,047</b>		<b>27,215</b>	
<b>Income Generation Workstream</b>								
Court Cost / Summons Income - Council Tax recovery proceedings	Green		0		0		0	Currently working on target for 14/15
Negotiation for share of out performance on Council Tax collection	Amber		4,225		4,225		4,225	For 14/15 we anticipate collecting 0.2% over the 98.1% target, meaning we could hope to achieve 5% of £84.5k - £4225. Target changed to £4225 for 14/15 and the subsequent 2 years
Maximise current income streams	Amber		100,000		102,000		104,040	A number of potential projects have been identified to contribute to this target (see below) and investigations are underway as to what savings are possible
Programme for Growth	Green		40,000		40,000		0	Awaiting outcome of Programme for Growth review

Proposed Savings	Status	2014/15	2015/16	2016/17	Progress
Policy changes to introduce new income streams	Red	0	100,000	102,000	Awaiting update from responsible officers
Car Park Income	Red	20,000	20,333	21,000	Targets may need to be reduced in line with the 2 year freeze of charges agreed at June Executive
<b>Total Income Generation</b>		<b>164,225</b>	<b>266,558</b>	<b>231,265</b>	
<b>Other</b>					
Car Allowances	Amber	17,150	17,150	17,150	-
Vacancy / Secondment savings between appointments	Amber	38,229	38,611	39,383	The shared Business Support Lead Officer post between Selby and NYCC needs to be added to this
<b>Total Other</b>		<b>55,379</b>	<b>55,761</b>	<b>56,533</b>	
<b>Total General Fund Savings in Progress</b>		<b>303,433</b>	<b>582,989</b>	<b>571,283</b>	
<b>Completed (GREEN) General Fund Savings</b>		<b>3,000,156</b>	<b>3,116,582</b>	<b>3,174,475</b>	
<b>Total General Fund Savings</b>		<b>3,303,589</b>	<b>3,699,571</b>	<b>3,745,758</b>	
<b>Savings Target</b>		<b>3,411,816</b>	<b>3,582,719</b>	<b>3,619,388</b>	
<b>Headroom/Deficit (+/-)</b>		<b>** - 108,227</b>	<b>116,852</b>	<b>126,370</b>	
<b>Green Savings</b>		3,065,656	3,189,882	3,208,081	
<b>Amber Savings</b>		159,604	161,986	164,798	
<b>Red Savings**</b>		78,329	347,703	372,879	
<b>Total</b>		<b>3,303,589</b>	<b>3,699,571</b>	<b>3,745,758</b>	



**HOUSING REVENUE ACCOUNT BASE BUDGET SAVINGS 2014/15 - 2016/17**

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	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**				

# Selby District Council

## REPORT

Reference: E/14/21

Public - Item 6



**To:** The Executive  
**Date:** 4 September 2014  
**Status:** Key Decision  
**Report Published:** 27 August 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 30 June 2014

### Summary:

This report reviews the Council's borrowing and investment activity (Treasury Management) for the first three months of 2014/15 and presents performance against the Prudential Indicators.

Investments – Money market investment rates continue to remain low in the early part of 2014, with interest rates continuing at historically low levels and a rise in bank rate not expected until 2015 at the earliest. As a result, an outturn of £200k is forecasted, which is £90k below budget.

Borrowing – the Council has long term borrowing of £60.33m at 30 June 2014. Interest payments of £2.525m are forecast for 2014/15.

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 30<sup>th</sup> June 2014 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 first monitoring report for treasury management in 2014/15 and covers the period 1 April to 30 June 2014. 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 25 February 2014.
- 1.4 The two key budgets related to the Council’s treasury management activities are the amount of interest earned on investments £290k (£250k General Fund, £40k 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 Councils Treasury Management advisors are now forecasting a rise in bank rate by March 2015 following the latest review of their interest rate forecasts in July 2014. Bank rate is projected to increase slowly and gradually thereafter, reaching 2.00% by March 2017.
- 2.2 Consumer Price Inflation (CPI) started the financial year in April at 1.8% and fell to 1.5% in May. The Retail Price Index (RPI) was at 2.5% in April and fell to 2.4% in May. Bank of England Governor Mark Carney has stated that he expects the rate of inflation (CPI) to remain below the 2% target for the next 2 years.
- 2.3 Table 1 shows recent average interest rates available up to a duration of

12 months and reflects the lack of movement in rates since the start of the year. As bank rate remains low and with no expectation for any increases until 2015 at the earliest, investment rates may not improve throughout 2014.

Table 1: Average Interest Rates 1 April 2014 to 30 June 2014

	<b>April 2014</b>	<b>May 2014</b>	<b>June 2014</b>
<b>Base Rate (Bank Rate)</b>	0.50	0.50	0.50
<b>Over Night</b>	0.40	0.40	0.40
<b>7 Days</b>	0.40	0.40	0.40
<b>1 month</b>	0.40	0.40	0.40
<b>3 Months</b>	0.50	0.50	0.50
<b>6 Months</b>	0.60	0.60	0.65
<b>1 Year</b>	0.85	0.85	0.95

- 2.4 The Council's Treasury Advisors, Capita provided a forecast for interest rates for both investments and PWLB borrowing as part of the Treasury Management Strategy. This forecast is monitored regularly and has recently been updated. Table 2 shows the forecast included in the Treasury Strategy and Table 3 shows the latest forecast.

Table 2: Forecast for Interest Rates Included in Treasury Strategy

	<b>2014</b>			<b>2015</b>				<b>2016</b>
	<b>Now</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</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
<b>5 Yr PWLB</b>	2.60	2.70	2.70	2.80	2.80	2.90	3.00	3.20
<b>25 Yr PWLB</b>	4.40	4.50	4.60	4.70	4.80	4.90	5.00	5.10
<b>50 yr PWLB</b>	4.40	4.50	4.60	4.70	4.80	4.90	5.00	5.10

- 2.5 As can be seen from Tables 2 and 3 because the bank rate has remained at 0.5% this has had an impact on the forecast for rates later in this financial year. However, bank rate is expected to rise slowly and gradually from 2015 onwards.
- 2.6 The forecasts are based on moderate economic recovery and Monetary Policy Committee (MPC) views about inflation looking two years ahead. There is a high level of uncertainty in all forecasts due to the factors involved and their sensitivity to each other. The MPC continue to vote for no change to the levels of quantitative easing in recent meetings and any change in approach is unlikely in the short term.

Table 3: Forecast for Interest Rates June 2014

	2014			2015				2016
	Now	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	%	%	%	%	%	%	%	%
<b>Bank Rate</b>	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25
<b>5 Yr PWLB</b>	2.70	2.70	2.80	2.90	3.00	3.00	3.10	3.20
<b>25 Yr PWLB</b>	4.10	4.40	4.40	4.50	4.60	4.70	4.70	4.80
<b>50 yr PWLB</b>	4.10	4.40	4.40	4.50	4.60	4.70	4.70	4.80

### **Annual Investment Strategy**

2.7 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.

2.8 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.

2.9 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 first three months of the year for fixed term deposits (maximum £20m). Appendix A shows an analysis of Investments at 1 April and 30 June 2014.

2.10 Interest rates continue to remain low in early 2014, which has resulted in returns lower than budgeted for the Council. Deposits have been placed with government backed banks, strong European banks and other local authorities. The current forecast is that the Council will achieve interest income of £200k (£172k allocated to the General Fund; £28k to the Housing Revenue Account), a shortfall of £90k against the budget.

2.11 The average level of funds available for investment during the three months to June was £28.6m, of which £12.0m was invested in fixed term deposits at an average of 1.29% and £16.6m was held in Money Market Funds and instant access deposit accounts at a rate of 0.43%. 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).

- 2.12 The Council has a benchmark of its budget target of 1.25% to reflect performance of investments. The overall average rate to June of 0.79% is below 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.
- 2.13 The impact of lower than forecast interest rates means the interest earned is less. Investment rates have remained relatively low in early 2014/15 with rates currently on offer averaging between 0.2% up to 0.95% depending on the duration and the institution.
- 2.14 The arrangements for the future investments of the Council to be managed as part of the overall investment pool operated by North Yorkshire County Council (NYCC) have now been finalised. It is anticipated that the Council's cash balances will begin to sweep into the investment pool operated by NYCC from August 2014.

### **Borrowing**

- 2.15 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 three months of the year.
- 2.16 The TMSS indicated that there was a requirement to take £600k long term borrowing during 2014/15 to support the budgeted capital programme. The latest capital programme funding forecast 2014/15 to 2016/17 includes a borrowing requirement of £300k for the General Fund and £300k for the Housing Revenue Account to support the Housing Development. 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.
- 2.17 The Council approved an Authorised Borrowing Limit of £83.0m (£81m debt and £2m Leases) and an Operational Borrowing Limit of £79.0m (£77m debt and £2m Leases) for 2014/15. The highest total gross amount of debt in the year to 30 June has not been more than £60.3m on any occasion.
- 2.18 Internal capital borrowing to part fund the Council's Capital Financing Requirement was £1.4m at 31 March 2014. This means that the General

Fund capital borrowing 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 are expected to continue to be below long term borrowing rates however, this approach is carefully monitored.

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

#### **3.1 Legal Issues**

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

#### **3.2 Financial Issues**

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

### **4. Conclusion**

- 4.1 The impact of the economy, and the turmoil in the financial markets, continues to have an impact on the Council's investment returns and will continue to do so for some while.

### **5. Background Documents**

Accountancy treasury management files

#### **Contact Details**

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

#### **Appendices:**

Appendix A – Analysis of Deposits at 1 April 2014, 30 June 2014  
Appendix B – Prudential Indicators as at 30 June 2014

**Analysis of Deposits At 1 April 2014, 30 June 2014**

**Appendix A**

Institution	At 1 April 2014			At 27 June 2014		
	Amount £'000	Maturity	Rate %	Amount £'000	Maturity	Rate %
Lloyds	3,000	16-Oct-14	0.98	3,000	16-Oct-14	0.98
Lloyds	2,000	01-Aug-14	3.20	2,000	01-Aug-14	3.20
Newcastle City Council	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
Nat West	1,000	14-Nov-14	0.78	1,000	14-Nov-14	0.78
Nat West	1,000	01-Oct-14	0.79	1,000	01-Oct-14	0.79
Salford City Council	1,000	06-Jan-15	0.55	1,000	06-Jan-15	0.55
Handelsbanken	3,000	Call	0.55	3,000	Call	0.40
Nat West	2,000	30 Day	0.55	2,000	30 Day	0.55
Nat West	803	Call	0.50	809	Call	0.50
Barclays				1,000	Call	0.40
Money Market Fund Ignis	5,000	Call	0.38	5,000	Call	0.39
Money Market Fund LGIM	4,250	Call	0.36	3,500	Call	0.38
<b>Total Deposits</b>	<b>27,053</b>			<b>27,309</b>		



**Prudential Indicators – As at 30 June 2014**

Note	Prudential Indicator	2014/15 Indicator	Quarter 1 Actual
1.	Mid Year Capital Financing Requirement £'000	59,986	59,556
	Gross Borrowing £'000	61,406	61,406
	Investments £'000	15,000	27,309
2.	Net Borrowing £'000	46,726	34,097
3.	Authorised Limit for External Debt £'000	83,000	83,000
4.	Operational Boundary for External Debt £'000	79,000	79,000
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	12,000
	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/14/22

Public – Item 7



**To:** The Executive  
**Date:** 4 September 2014  
**Status:** Non Key Decision  
**Report Published:** 27 August 2014  
**Author:** Julia Jennison – Policy Officer  
**Executive Member:** Cllr Cliff Lunn - Lead Member for Finance & Resources  
**Lead Officer:** Karen Iveson – Executive Director (and s151)

**Title:** Selby District Council Draft Housing Revenue Account Business Plan Refresh 2014

### Summary:

A draft Housing Revenue Account Business Plan is attached for councillors to consider prior to consultation

### Recommendations:

- i. To approve the Consultation Version of the HRA Business Plan

### Reasons for recommendation

- i. To set out a viable business plan for the HRA service;
- ii. To comply with the requirements set out in the Localism Act.

### 1. Introduction and background

- 1.1 The current Housing Revenue Account (HRA) Business Plan covers the period 2012-2017.
- 1.2 Since this was approved, there have been significant government reforms including the move to self-financing and revised proposals for rent convergence. The Council also has the opportunity to be more involved in the development of new affordable homes in the district.

## **2. The Report**

- 2.1 The draft HRA Business Plan 2014 builds on the existing document, setting out the Council's vision for its housing service to 2017 and beyond.
- 2.2 During 2013/14 we have continued to provide excellent services to our tenants, with high levels of rent collection and void turnaround times meeting targets.
- 2.3 We have achieved cash savings and continued to provide an effective service to our tenants, maintaining our stock in good condition and providing improvements in energy efficiency.
- 2.4 However, there have been a number of recent opportunities for us to reconsider the way we operate; changes to the method of setting rents, the opportunity to charge 'affordable rents' (see 2.12) and to offer different types of tenancy.
- 2.5 Our Tenancy Policy 2013 sets out our plans to offer flexible fixed term tenancies of 5 or 2 years to certain applicants, whilst others will still be entitled to be offered a secure, lifetime tenancy. This will enable us to better target our stock to those in need on the waiting list, in particular larger families and households requiring adaptations. It is proposed that flexible tenancies may be offered from April 2015.
- 2.6 In the meantime we will continue to offer re-lets at target rent from April 2015 in order to maximise income.
- 2.7 There has been a greater number of Right to Buy sales than expected due to the higher discounts now available, and the impact of this has fed into our forward planning.
- 2.8 A new Stock Condition Survey has been commissioned, currently underway, the results of which will feed into the financial planning within this Business Plan in the Autumn. We will then be in a position to revise our longer term forecasts and assess any opportunity for further improvement to our stock.
- 2.9 We are also continuing to encourage tenants to be more involved in both service provision and policy development through engagement with the Tenant Scrutiny Panel.
- 2.10 The current refresh considers the opportunities for the Council to be involved in the delivery of additional affordable homes through both the HRA and Selby & District Housing Trust (the Trust).
- 2.11 We plan to commission a new Strategic Housing Market Assessment (SHMA) at the end of 2014 to inform our plans.
- 2.12 As part of this work we will consider whether Affordable rent (at up to 80% market rent) might be charged for some or all of our homes, to provide

additional funds for housing delivery. The affordability of this increase to our residents will be examined, particularly as we provide a safety net to the most vulnerable households in the district. An equality impact screening will be undertaken as part of this work prior to a recommendation being made as to whether to introduce Affordable Rent.

2.13 The provisions within our Affordable Housing Supplementary Planning Document, approved in February 2014, enable us to collect affordable housing contributions on housing schemes where this is appropriate, in particular on schemes of 9 units or less, although the government has recently carried out consultation regarding the possible removal of the requirement for an affordable housing contribution on smaller housing schemes.

2.14 The Business Plan will continue to be reviewed on a regular basis, with annual reports to the Executive on strategic issues and updates on how Access Selby is performing against the expected outcomes.

### **Consultation**

2.15 It is proposed that detailed consultation with tenants as required by s105 Housing Act 1985 is effected through the Tenant and Leaseholder Scrutiny Panel with an overview of the draft document being provided to all tenants through the 'Open Door' newsletter.

2.16 Additionally the draft document will be available at the Community Engagement Forum meetings, on-line, and hard copies will be available on request.

2.17 The time line for the HRA Business Plan refresh 2014 is set out below.

<b>Date</b>	<b>Event</b>	<b>Action</b>
4 Sept 2014	Executive	Recommendation for consultation
10 Sept – 24 Nov	Consultation (to include CEFs and Tenant Scrutiny panel)	Followed by review of the draft policy, and revised financial forecasts
8 Jan 2015	Executive	Approval of the Business case, and recommendation for approval of the financial assumptions and implications
24 Feb 2015	Council	Approval of the financial assumptions and implications

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

#### **Legal Issues**

- 3.1 The revised HRA Business Plan meets the requirements as set out in the Localism Act.

#### **Financial Issues**

- 3.2 The financial strategy for the HRA provides the financial environment to support the Council in achieving its strategic objectives and for the delivery of its landlord responsibilities over the medium to longer term. This will need to be reviewed in the context of major changes in housing finance arrangements.
- 3.3 The draft Business Plan acknowledges the Government's enhanced 'Right to Buy' scheme and 'one-for-one' replacement of additional homes sold. The implications for the HRA and its long term viability are being assessed in light of our experience of sales over the last two years and the plan will be updated over the summer to reflect this change.
- 3.4 As part of these arrangements we are able to retain more capital receipts by entering into an agreement with the Government to reinvest receipts in new affordable rented homes although the amount is subject to the level of capital receipts achieved compared to the Government's estimates and we have not yet reached the required level.

#### **Impact Assessment**

- 3.5 An Equalities Impact Assessment has been completed which identifies that with an ageing population we may need to make provision for a growing number of adaptations to our properties. Over recent years there has been an increasing call on our budgets for this purpose, and the opportunity to build new homes within the HRA will enable us to address more specific needs and level access.

### **4. Conclusion**

- 4.1 The draft Business Plan will be subject to consultation between 10<sup>th</sup> September and 24<sup>th</sup> November, and will be referred back to Executive on 8<sup>th</sup> January 2015 before recommendation for approval and adoption by Council in February.

### **5. Background Documents**

HRA Business Plan 2012-17  
Affordable Housing Supplementary Planning Document 2014  
Tenancy Policy 2013  
Equalities Impact Assessment

**Contact Officer:**  
**Julia Jennison**  
**Policy Officer**  
**Selby District Council**  
[jjennison@selby.gov.uk](mailto:jjennison@selby.gov.uk)

**Appendices:**

**Appendix A**  
**Consultation Draft, Selby District Council's Housing Revenue Account**  
**Business Plan refresh 2014**

# Selby District Council Housing Revenue Account Business Plan 2012-17

Refresh 2014 V4

Consultation Draft



## **Foreword**

Welcome to Selby District Council's HRA Business Plan refresh for 2014.

More to be added

Councillor C. Lunn  
Executive Member

## Contents

1.	Introduction	1
2.	Our Vision	2
3.	The context for our housing service	3
4.	Our housing service today	9
5.	Our housing service looking forward	12
6.	Our Finances	17
7.	Delivery	29
8.	Consultation	31
	Appendix A – HRA Business Plan 2014-17 Key Deliverables	32
	Appendix B – Selby District Profile	38
	Appendix C(i) – Selby DC – HRA Business Plan Revenue Operating Account	
	Appendix C(ii) – Selby DC – HRA Business Plan – Capital Programme and Major Repairs Reserve	
	Appendix C(iii) – Financial Assumptions	
	Appendix D – Risks	

# 1. Introduction

- 1.1 The Housing Revenue Account (HRA) Business Plan is our plan for managing our housing service between 2012-2017. The Business Plan is a key element in ensuring the effective management and maintenance of our housing stock.
- 1.2 In developing this Business Plan we have taken into account the views of our tenants, our Housing Strategy, the demand for social housing and the likely availability of resources. This 2014 refresh will include a review of our long term financial position, informed by a new Stock Condition Survey 2014 the results of which will be available in the Autumn. Whilst the results of the Stock Condition Survey are not currently known, it is anticipated it will have a financial impact; stock is ageing and will ultimately require greater attention to maintain an acceptable standard.
- 1.3 This Business Plan is set in the context of major change – financial reform with the abolition of the old Housing Subsidy System in favour of self-financing, which has allowed us to be more involved in the development of new affordable homes in the district. We plan to develop within the HRA and have a number of affordable housing schemes progressing through the new Selby & District Housing Trust (the Trust) set up for that purpose. The risk of reducing stock numbers within the HRA as a result of the Government's enhanced Right to Buy (RTB) scheme will continue, particularly with the introduction of larger discounts and a shorter eligibility period.
- 1.4 Self-financing has seen local housing authorities take on central Government housing debt in return for keeping all of the rents their tenants pay; putting control of housing services into the hands of local councils and strengthening the link between the rent we collect and the services we provide to our tenants and leaseholders. However, rent levels are still governed centrally.
- 1.5 The Council, through its operational arm 'Access Selby', manages 3,126 homes across Selby District (at 1<sup>st</sup> April 2014). We will continue to work together with consultative tenant and leaseholder groups to develop our housing service to meet the challenges that lie ahead. We believe that only by listening to and understanding our customers can we improve services and ensure they meet their needs.

## 2. Our Vision

2.1 Following the district council elections in 2011 the Council developed a new 'Corporate Plan' which set out its aspirations for the district to 2015 and beyond, in the form of 'Five Big Things':

1. *Tough times call for a **stronger council** fighting your corner and getting everyone working together...*
2. *...it's all about **changing places** and helping others to see our district through new eyes...*
3. *...we want to work with others to make this a great place with people **living well** and leading happy and healthy lives...*
4. *...and we won't be afraid of **tackling the tough stuff** - that might otherwise knock us off course...*
5. *...which means being **switched on** to what's happening around us, knowing what's important and being fit for the job.*

2.2 These 'Big Things' provide the framework for everything that we do and set the tone for **our vision for our housing service**.....

***“People getting involved and taking a pride in where they live, in homes that enhance their quality of life”***

Our key aims are to:

- Increase tenant and leaseholder participation through tenant groups and the Community Engagement Forums;
- Shape our housing stock so that it better meets the needs of our changing communities through more effective asset management;
- Improve the quality of life of our tenants and leaseholders through targeted investment in their homes;
- Help meet affordable housing needs across the district through making best use of the resources we have available;
- Deliver value for money to our tenants and stakeholders through efficient and responsive services ensuring a viable housing service.

2.3 We will work with Access Selby to develop these aims into real improvement on the ground and have set out the key deliverables our tenants and leaseholders can expect from this Business Plan, in Section 5 and at Appendix A.

2.4 The Council is currently preparing for a new Corporate Plan and if this is adopted prior to the HRA Business Plan being finalised we will be ready to update this Business Plan to reflect any changes should the need arise.

### **3. The context for our housing service**

#### **The national policy environment**

- 3.1 In broad terms, the primary emphasis of national housing policy over the past 30 years has been on extending owner occupation. In the public sector the Government has introduced a range of reforms to the way social housing is delivered.
- 3.2 These include giving greater flexibility to social landlords to determine the types of tenancies they grant to new tenants. The Council developed a Tenancy Policy in 2013, which sets out our strategic aims for the management of our stock, including the use of flexible, fixed term tenancies from 1 April 2015. The rights of existing secure and assured tenants are protected.
- 3.3 With the introduction of Affordable Rent (at up to 80% market rent) charged as part of a delivery agreement with the Homes and Communities Agency (HCA), the rents of Registered Providers (RPs) generally have increased. Councils have become the housing provider for those who are most vulnerable and judged to be in greatest need, through the continuing offer of lower social rent. The impact of the recession continues to produce high demand for low cost homes to rent and further to the review of our allocations scheme, which has identified those in greatest need, we will consider whether higher rents will be affordable to those applicants with low incomes. Our new Strategic Housing Market Assessment (SHMA), to be commissioned later this year will include an assessment of affordability.

#### **Housing in the district**

- 3.4 In 2012, most homes in the district (78%) were lived in by the owner, higher than the national average of 68%. Approximately 10% of all households in the district lived in Council owned properties and approximately 3% lived in properties managed by Registered Providers.
- 3.5 The average house price in Selby district was £178,917 in 2010, rising to £189,650 in quarter 2 of 2013 (up almost 6%, the most recent data). Comparative figures in North Yorkshire were higher, at £223,065 in 2010 but dropping to £212,641 in quarter 2 of 2013 (down almost 5%).
- 3.6 Quarterly data since 2007 shows Selby prices consistently below those for North Yorkshire, and increasing at a faster pace in 2013:



- 3.7 Despite the reduction in house prices during the recession, housing affordability still remains an issue. In April 2014, lower quartile house prices in Selby were approximately 6.6 times higher than lower quartile earnings. The ratio that is generally used to define 'affordable' is 3.5. Selby District's affordability ratio is considerably higher than this<sup>1</sup>.

### **Supply and demand for affordable housing**

- 3.8 The Council currently retains and manages 3,126 properties let at social rents:

<sup>1</sup> Source: STREAM (Statistics, Research and Mapping for North Yorkshire & York) data April 2014

Stock by Property Type as at 01/04/2014

Code	Description	Properties
BD1	First Floor Bedsit	8
BDG	Ground Floor Bedsit	27
BG1	1 Bed Bungalow	520
BG2	2 Bed Bungalow	622
BG3	3 Bed Bungalow	11
FL1	1 Bed First Floor Flat	76
FL2	3 Bed First Floor Flat	1
FL3	1 Bed Ground Floor Flat	109
FL4	2 Bed First Floor Flat	182
FL5	1 Bed Second Floor Flat	5
FL6	2 Bed Second Floor Flat	8
FL7	2 Bed Ground Floor Flat	183
HS1	1 Bed House	8
HS2	2 Bed House	269
HS3	3 Bed House	1052
HS4	4 Bed House	37
HS5	5 Bed House	2
MA2	2 Bed Maisonette	6

3126

Of  
which

Sheltered Accommodation	48
Designated for Older People	1233
General Needs	1845

3.9 There are currently 477 active applicants on the Housing Register (including transfers). The number of active applicants for Selby has reduced substantially from 1,788 in 2012, following the HomeChoice policy review in 2013, due to the introduction of stricter criteria on household income and equity, and a local connection requirement for applicants, with homeowners who have no housing need being excluded from the list. Applications from homeowners will each be considered on their individual circumstances.

3.10 The profile of our applicants<sup>2</sup> now is:

---

<sup>2</sup> Choice based letting

2012	2014	
25%	0%	of applicants on the Housing Register were under 18
22%	20%	of applicants were over 60
Nearly 60%	55%	of lead applicants are female
1.6%	11.9%	of applicants were Black and Minority Ethnic Groups
21%	31%	of applicants had a disability

It is likely that the increased percentages of applicants from Black and Minority Ethnic Groups and those with a disability, reflects the characteristics of those who are able to remain on the Housing Register following the introduction of the revised HomeChoice policy. The reduction in applicants aged over 60 reflects the provision of the revised policy, whereby homeowners are deemed to be adequately housed unless there are particular circumstances under which they need to access social housing, such as being unable to use the stairs in their existing home, or needing to be near to support networks. The proportion of older people generally in the district is predicted to rise, and it is likely that more households over 60 will join the list over time.

- 3.11 Our Strategic Housing Market assessment (SHMA) 2009 established a demand for smaller, 2 and 3 bed properties. However, further work is required to ensure that there is still demand from applicants for this type of home, and that it remains affordable following changes to welfare provision.
- 3.12 A new Strategic Housing Market Assessment (SHMA) is planned to be commissioned at the end of 2014 which will inform our plans for affordable housing development for 2015 onwards, and provide an affordability assessment relating to the possible charging of higher, Affordable rents (at up to 80% market rent).
- 3.13 There were the following new build affordable housing completions between 1<sup>st</sup> April 2011 and 31<sup>st</sup> March 2014, shown as a percentage of all new build completions.

New build completions	All houses	Affordable housing completions*	% affordable against all new build completions
2011-12	338	73	22%
2012-13	248	89	36%
2013-14	319	39	12%



Our target for affordable housing, set out in our Core Strategy 2013, is up to 40% affordable housing on market schemes. However, in the table above, the figures for all new build completions include schemes where no affordable contribution is required.

\*Numbers of affordable housing completions ignore any commuted sum contributions for affordable housing in lieu of onsite provision, and this will reduce the percentage out turn. However, this will be compensated in future years by the development of affordable homes funded by these contributions.

### **Housing strategy and policy changes**

- 3.14 The Localism Act placed a new duty on councils to develop a Tenancy Strategy which registered providers of social housing are expected to have regard to. The Strategy provides an overview of what the authority expects of partners in their own individual Tenancy Policies. Selby District Council has worked in partnership with local authorities across North Yorkshire to produce a combined strategy which was finalised in 2012.
- 3.15 As a stock holding council, in 2012 Selby District Council developed its own Tenancy Policy relating to the management of its housing stock, which addresses specific questions in relation to management and allocations.
- 3.16 In particular, the Tenancy Policy introduces the use of flexible fixed term tenancies, generally for five-year periods, which will provide opportunities to address under/over occupation, and potentially free up a scarce resource (in particular larger homes and those with major adaptations) to those in need on the waiting list. However, it may result in additional void turnover and associated costs should tenancies be brought to an end.
- 3.17 At 2011/12 void turnover was 10%, reducing to 7.5% in 2012/13, and 8.2% in 2013/14. In the short term it was anticipated that there may be additional stock turnover as a result of welfare reform and the spare room subsidy, with tenants seeking smaller or cheaper accommodation, but this does not appear to have been the case. However, it is considered that a number of tenants may be delaying moving whilst they are able to claim Discretionary Housing Payments.
- 3.18 Alongside the introduction of flexible fixed term tenancies, lifetime (secure) tenancies will still be available to certain applicants –
- Applicants for sheltered housing, whatever age
  - Applicants of state pensionable age
  - Applicants who are deemed to be vulnerable

More detailed information can be found in our Tenancy Policy 2013.

- 3.19 Revised equality and diversity objectives were consulted on in April 2012 and these are applied to all new and reviewed policies to ensure they are non-discriminative. These issues are particularly important as the district experiences some changing demographics due to varying numbers of migrant workers.
- 3.20 The Council is continuing to monitor the implications of welfare reform and this has included consideration by Policy Review of how tenants who downsize might be affected by variations in rent as a result of work progressing towards convergence. Policy Review concluded that there is no evidence which would suggest a new policy is required relating to this particular issue, but this will be kept under review. In particular we will continue to monitor how welfare changes may impact on individual tenants' ability to manage their finances, levels of arrears, and the impact of Discretionary Housing Payments.
- 3.21 A profile of Selby district which has a bearing on our approach to our housing service is set out at **Appendix B**.

## **4. Our housing service today**

4.1 Since our last Business Plan was developed we have made significant changes to our housing service. We identified a number of improvement priorities that we have been working on over the last 5 years:

### **4.1.1 Profiling the district housing stock and monitoring current and future housing need**

- We have worked with partners across North Yorkshire to develop a county wide Housing Strategy which has enabled us to take a co-ordinated approach to housing. This was updated in 2013.
- We have operated 'choice based lettings' through HomeChoice, with partners across North Yorkshire, making it easier for applicants to find a home that suits their needs. The scheme was reviewed in 2013 in order to ensure that scarce housing resources are allocated to those in greatest need.
- We have maintained our average void turnaround time at 24 days in 2013/14
- We plan to commission a new SHMA at the end of 2014 which will provide us with evidence on housing need and affordability to enable us to plan for the development of the right affordable housing in the right place.

### **4.1.2 Ensuring that decent and affordable housing is available to everyone**

- We had a target to achieve the government's 'Decency' standard by December 2010 which we exceeded, delivering our 'Decency Plus' standard (which included new kitchens) to those properties in need.
- We removed all the concrete panels from our Airey homes (84no) and replaced them with brick block and insulation, bringing them up to modern thermal efficiency standards. Work is scheduled to be complete by the end of 2014.
- We are going through a programme to replace old and inefficient boilers and last year fitted over 400 new 'A' rated boilers.
- We replaced over 100 electric heating systems where homes are on the gas network.
- We removed all our inefficient warm air units.

- We have improved our performance on dealing with responsive repairs. Over the last three years there has been a vast improvement in repairs completed, with 99% of emergency repairs completed on time and 98% of non-urgent repairs completed on time.
- We have worked with Registered Providers and developers to secure 325 additional affordable homes in the district over the last 5 years (2009/10 – 2013/14) to complement our own housing stock.

#### **4.1.3 Promoting social inclusion, respect and sustainable communities**

- We have an established Tenant Participation Strategy and Community Engagement framework to encourage more people to be involved in making a difference to where they live.
- Since 2012 we have carried out 65 adaptations to our own stock in order to help more tenants to remain living in their own home, which is most commonly their first choice of option.
- Additional support is provided through regular contact, and emergency assistance through our Lifeline service.

#### **4.2 Providing a customer focussed service**

- We have improved our responsive repair service as set out at 4.1.2.
- Our customer contact centre continues to deal with service issues at first point of contact, and has achieved high satisfaction levels with the service we provide. 91% of all enquiries are dealt with at the first point of contact, and during 2013/14 waiting times have been reduced, despite an increase in calls, to an average of 1 minute 35 seconds.

#### **4.3 Providing value for money**

- Our home improvements continue to help tenants save on energy costs into the future.
- We have achieved significant cash savings and efficiencies within the HRA service over the last 5 years, improving value for money for our tenants, ensuring the on-going viability of the HRA and allowing us to re-invest in our homes.
- We have reduced the need for depot accommodation which has, in turn, reduced our overheads. In addition we have introduced new working practices for our operatives and are exploring

additional efficiencies through the 'Better Together' partnership work with North Yorkshire County Council (NYCC) which will include the sharing of depot accommodation with NYCC highways, which will further reduce our overheads.

- The new working practices have seen operatives working directly from home rather than reporting into the depot at the start of each day. They also receive their instructions through mobile hand held devices, further reducing the need to attend at the depot – giving them more time to spend on asset management and maintenance.
- We continue to use a collaborative procurement approach for purchasing materials and procuring contactors which allows us to utilise the buying power of larger organisations whilst sharing expertise and also saving money.

4.4 Much has been achieved over the last 5 years, not least of which has been the continued viability of the HRA, which previously had been forecasted to be in deficit by 2012/13. Tenants gave the Council a mandate in 2006 to continue to provide the housing service. However the changes in Government policy and on-going economic uncertainty mean that further challenges lie ahead.

## 5. Our housing service looking forward

5.1 As part of the Business Plan for years 2012 to 2017 we continue to consider the aspirations of the Council and our tenants and how these can be achieved within the financial resources available.

5.2 Section 2 set out our key aims for our housing service, however the changing policy environment makes predicting the future particularly difficult and our responses to some emerging issues are in the early stages of development. This Business Plan is the start of a dialogue with our tenants and other stakeholders to help inform our future planning. **Our aims over the five years are to:**

***Increase tenant and leaseholder participation through the work of tenant groups and the Community Engagement Forums***

5.3 Opportunities are available for tenants, leaseholders and residents to get involved through the offer of Area Panels, the Tenant Scrutiny Panel, and the Repairs and Maintenance Group (all for tenants), and Tenant and Resident Associations (TARAs). Work is continuing to encourage a greater take up of this offer.

5.4 We aim to build tenants' pride in their homes and where they live through actively engaging them in community activities, and our Tenant Participation Strategy identifies a number of actions we will work on together with tenants over the coming years. As part of this work we will explore opportunities to improve the lives of our tenants and leaseholders including consideration of the built environment and better use of shared spaces.

***Shape our housing stock so that it better meets the needs of our changing communities through more effective asset management***

5.5 In addition to improving current homes, we will look for opportunities to utilise the HRA asset base in a more innovative way to achieve a reshaping of the housing stock to help meet the needs of current and future tenants, taking into account in particular our aging population and demand for adapted homes. Subject to available resources we will consider new build, buy-backs, reconfiguration of existing stock, redevelopment, buying up poor condition private property, refurbishing and letting. This may include consideration of the use of surplus green spaces, garage sites and plots, and the options for making alternative provision.

5.6 We will consider targeting allocations for such schemes at suitable SDC tenants who live nearby and who are under/over occupying their homes, in order to manage the wider stock better and in particular make larger units available to families on our waiting list.

- 5.7 In 2013 we set up Selby & District Housing Trust (the Trust) to help deliver additional affordable homes in the district to meet identified general needs, by developing council-owned land (subject to individual business cases).
- 5.8 We will continue to review the profile of our stock as part of our asset management plan; making sure that we have the right homes in the right places to meet the district's needs. Following review, strategic transfers to the Trust will be considered in accordance with the provisions of our Housing Development Strategy 2013 to facilitate the development of additional affordable homes, and we may build homes ourselves within the HRA. This review by the Council will include consideration of the wider offer to our tenants and leaseholders in terms of the wider infrastructure and improve underutilised land which still provides an important public open space function.
- 5.9 From April 2014, the government confirmed that councils will have more flexibility to sell land for new development. Vacant land can now be sold at below market value to a broad range of organisations provided it is then used to build affordable homes. This may also provide the opportunity to develop specific areas where land may be underused.
- 5.10 As part of our response to this change we are considering how we might achieve the Government's objectives for 'one-for-one' replacement of homes sold, along with a continuing viable HRA. Our Housing Development Strategy 2013, section 4, and Asset Transfer Policy 2014 set out the mechanisms for the development of new homes, by identifying the route from initial identification of suitable SDC land through to its appraisal and final development either through the HRA or via the Trust.
- 5.11 The Government's enhanced Right to Buy scheme, which has increased the maximum discount for tenants wishing to buy their council owned home (from £24,000 in Selby district to the new national discount of £75,000), and the reduction in the time period for eligibility, means that more tenants will be able to buy their homes in future. For more information see 6.33 – 6.38.

***Improve the quality of life of our tenants and leaseholders through targeted investment in their homes***

- 5.12 Our capital investment programme is estimated to average £3 million per year over the next five years, allowing us to maintain our 'Decent Plus' standard.
- 5.13 Improving the lives of our tenants is a key driver in targeting spend. Our approved capital programme for the next three years focuses on energy efficiency measures which aim to improve living conditions and

reduce energy consumption. Examples include new roofs, windows and heating systems and thermal efficiency improvements to our Airey properties which are almost completed.

- 5.14 We are continuing to replace old and inefficient boilers and to replace electric heating systems where homes are on the gas network.
- 5.15 We continue to look at ways of bringing efficient heating to all our properties.
- 5.16 We will consider the opportunities provided by the Green Deal to implement further energy efficiency measures including consideration of solar panels and community oil purchase networks.
- 5.17 We will also consider how we might improve the streetscene on our estates and look at whether smaller areas of land might be better used either through redevelopment or an improved offer for our tenants and leaseholders.
- 5.18 Capital investment in years four and five will be subject to review and prioritisation alongside the range of issues identified in this Business Plan; however we aim to continue to improve our stock.
- 5.19 We will need to consider how we can continue to meet requests for adaptations to our stock particularly with resources being limited, at a time when we have an increasingly aging population and an increase in the percentage of applicants on the waiting list with an identified disability.

***Help meet affordable housing needs across the district through making best use of the resources we have available***

- 5.20 Through self-financing we have much greater flexibility to plan for the long-term than has been possible under the old subsidy system. Whilst there will be an on-going need to balance the repayment of debt and additional investment in stock, there is now the potential for us to consider new build through our Programme for Growth, either within the HRA or through the Trust, to buy back former council houses or pursue other initiatives to increase the housing stock. Where necessary, in order for an affordable housing development to progress, we will consider the development of a small number of market units for sale or discounted sale, in order to subsidise a scheme, or the addition of Section 106 commuted sum contributions where appropriate.
- 5.21 Part of our response to growing housing need will be to sensitively tackle the under-occupation of our homes and review those property types which are generally hard to let. Various approaches have been taken to improve the attractiveness of these homes, many of which are 1 bedrooled bungalows in Tadcaster. Demand among older people (60+) for these units is limited as they are located on a hill, and



generally there is a preference for 2 bedrooms to allow for family to stay, or for couples to sleep in separate rooms. Decoration allowances have been offered, but in some properties the small room sizes and bathroom facilities are also an issue. General needs accommodation in Byram is also difficult to let and ongoing work by our Assets team will include consideration of whether hard to let properties might be reconfigured or redeveloped.

- 5.22 Most importantly we will target our resources to help meet the needs of vulnerable people within our communities.

***Deliver value for money to our tenants and stakeholders with efficient responsive and viable housing services***

- 5.23 The HRA is a self-contained business which relies on the rental income from council-owned homes to provide the on-going maintenance and management resources needed to sustain our housing stock. In order to maximise investment in our homes and sustain the service to our tenants it is vital that our operations are as efficient and effective as possible.
- 5.24 We aim to reduce demand for responsive repairs by having a clear three-year investment plan in place. We will do this by improving the time taken to respond to emergency repairs through ensuring lean, customer focussed processes that make best use of modern technology.
- 5.25 When properties become vacant we aim to use the opportunity to bring forward major improvement works before re-letting, thereby benefiting future tenants.
- 5.26 The Trust is in the process of registering with the Homes and Communities Agency as a registered provider, and the Council will consider whether to do the same to assist new affordable housing development within the HRA. Funding from Section 106 affordable housing contributions will contribute to the development of additional affordable homes.

**Impact of Community Right to Bid and Right to Challenge**

- 5.27 **Right to Bid.** This aims to facilitate community focused, locally-led action by providing an important tool to help communities looking to take over and run local assets. This has been effected through Part 5 Chapter 3 of the Localism Act, and the Assets of Community Value (England) Regulations. The scheme will give communities the opportunity to identify assets of community value and have them listed. The list will be published on our website. If these assets are put up for sale at some time in the future, the community will have the opportunity to raise finance and prepare to bid for them.

- 5.28 It is possible that one of these community assets may belong to the HRA, although no bids have been received to date.
- 5.29 **Right to Challenge.** This allows voluntary and community groups, charities, social enterprises, parish councils, local and fire and rescue authority staff to bid to run authority services where they believe they can do so differently and better. This could be the whole service or part of a service, and groups need to submit a written expression of interest to do so. Local authorities must consider and respond to expressions of interest which, if accepted, will trigger a procurement exercise for that service. The interested group will then take part in the procurement exercise, alongside others. The Community Right to Challenge was also introduced by the Localism Act 2011.
- 5.30 It is open to tenants or other groups to bid to run either all or part of the housing service should they so wish.

## 6. Our Finances

- 6.1 The Housing Revenue Account (HRA) aims to provide the financial environment to support our landlord responsibilities over the medium to longer term, as well as our strategic objectives for the housing service.
- 6.2 As a local authority landlord we are required by Government to maintain a 30 year financial forecast of income and expenditure on our housing service. This Business Plan refresh focuses on the next three years but also takes a long term view to ensure on-going sustainability of the service. A summary of income and costs for the HRA (including the key assumptions used) is shown at **Appendix C**.
- 6.3 The Stock Condition Survey, due to be completed by September 2014, may have a significant impact on our forecasts, whilst the impact is not currently known our existing stock is getting older and will require greater investment to maintain a suitable standard for occupancy. This, coupled with increases in Right to Buy on the back of greater discounts, means less rental income available in the future to reinvest in homes whilst meeting the requirements of servicing self-financing debt.
- 6.4 The table below demonstrates the potential impact of the Stock Condition Survey over the next 30 years coupled with consistent Right to Buy sales. The scenarios assume that the 2014/15 capital programme is not affected.

Scenario	Average Annual Cost (£000's)	30 Year Capital Cost (£000's)	Increase (£000's)
Current Cost (App C (ii))	4,742	142,253	-
10% Increase	5,201	156,026	13,773
25% Increase	5,890	176,686	34,433

### Self-financing

- 6.5 The financial framework for the HRA has undergone major reform with the introduction of 'self-financing' from April 2012. The aims of 'self-financing' are to:
- give local authorities the resources, incentives and flexibility they need to manage their own housing stock for the long-term and to drive up quality and efficiency; and
  - give tenants the information they need to hold their landlord to account, by replacing the previous opaque system with one which

has a clear relationship between the rent a landlord collects and the services they provide.

- 6.6 These reforms replace the former redistributive housing system which set a level of cost allowances (including the capital programme) for running the HRA on an annual basis. From April 2012 the Council has had to take on £57.733m of Central Government housing debt but is no longer required to make an annual payment into the national housing subsidy pool. The amount of debt we had to take on was calculated using a methodology that values the stock over 30 years, and aims to leave the Council with a long term sustainable business plan with full responsibility for the expenditure on the management and maintenance of our homes.

### **HRA income**

- 6.7 The HRA is a 'ring-fenced' account which means that all of the costs associated with maintaining our homes, financing improvement works and running the service, are met from the rental and other associated income generated from the houses and garages we let to tenants. We cannot use this income for any other Council services.
- 6.8 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. At convergence, Registered Providers 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 Provider (RP) or a Local Authority.
- 6.9 The government has recently made a number of changes to the way rents for social housing will be managed from 2015.

### **Rents for Social housing from 2015**

- 6.10 The transitional period for convergence is coming to an end, and it is now 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).
- 6.11 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.
- 6.12 For many landlords and tenants this change will not be significant as the consumer prices index has historically risen at a rate of about 0.5% less than the retail price index. Many landlords and tenants will also

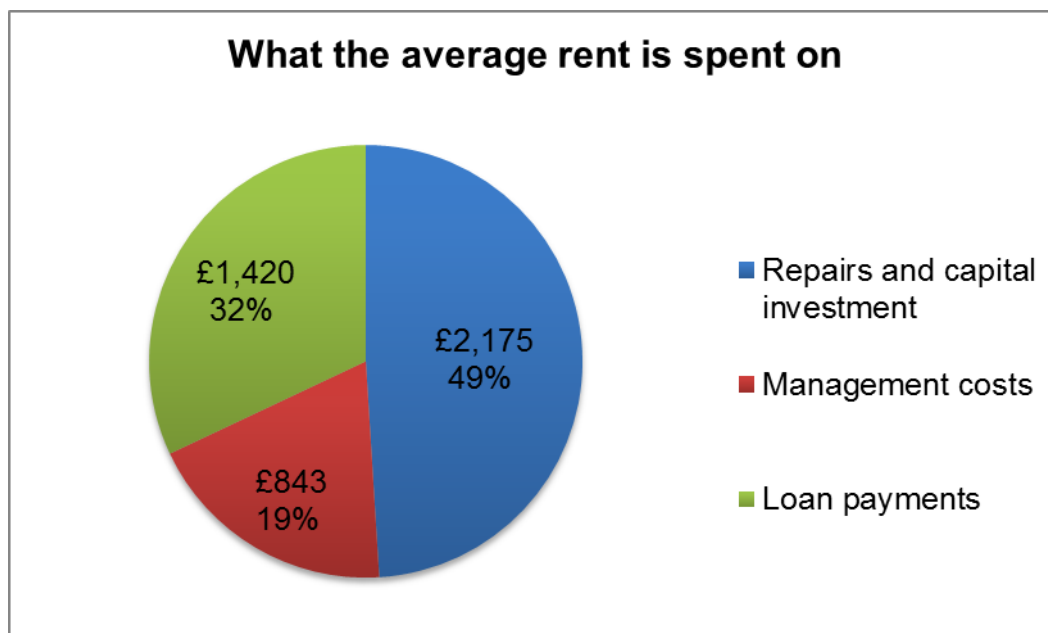
welcome the announcement as bringing more certainty to future rent policy in the long-term.

- 6.13 However, where landlords have yet to achieve rent convergence the new approach will prevent them from doing so in future. This mainly affects local authorities that have not been able to converge their rents with formula rents either because of the operation of the 'caps and limits' in the existing rent policy framework or because of historic policy decisions such as very low rents already in the District. This is especially significant in that the debt settlement with self-financing was based on the assumption that rents would converge.
- 6.14 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. 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 when this was reviewed (November 2013) was 2.1% which would give a total increase of 3.1%.
- 6.15 Where a property is not at formula rent by 2014/15, the Government expects that from April 2015 following a vacancy, the property will be re-let at formula, thereby the rent need not remain below formula rent permanently. This has the impact in Selby of many dwellings not meeting their convergence formula (target) rent and reducing the base budget going forward. Bearing this in mind, for 2014/15 it was proposed to apply the maximum increase allowed through the policy to those properties below formula rent.
- 6.16 On 6 February 2014, the Council's Executive resolved to approve the proposed 5.6% average rent increase for 2014/15. 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 assist in meeting the financial commitments of the HRA including debt repayment and maintenance of stock.
- 6.17 The Executive also requested 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 – see 3.20.
- 6.18 The 2014/15 weekly average rent for a three-bedroomed property in Selby district (set on a 52 week basis) is £85.35. Approximately 60% of our tenants are in receipt of some element of Housing Benefit.

- 6.19 Garage rents are increased by RPI each year, in line with the Council's policy for fees and charges, generating around £120k a year, although this will reduce if sites are redeveloped for affordable homes.
- 6.20 After allowing for void (vacant) properties and an element of bad debt, we estimate HRA rental income for 2014/15 to be £12.3m (95% of the total income to the HRA). Overall income to the HRA is £12.9m with Supporting People income, hostel and garage rents and interest etc. making up the remaining £650,000.
- 6.21 The Council will consider whether it might charge Affordable Rent (at up to 80% market rent) in the future for new tenancies. This may require entering into a delivery agreement with the HCA for the development of new homes. See Tenancy Policy Section 12. As part of this work one element of the Strategic Housing Market Assessment (due to be commissioned later in 2014) will be to look at affordability levels across the district to ensure that if Affordable Rent is introduced it is not prohibitive for vulnerable residents.

**Running Costs**

- 6.22 Based on 2014/15 estimates, the average rent of £4,438 per year is spent on the following:



- 6.23 Nearly half of HRA costs (49%) are on repairs and investment in our housing stock, with 32% of costs associated with principal and interest on borrowing. Management and support costs account for around 19% of total costs. Comparing these costs with 2012/13, through efficiencies we have reduced the management element from 25% to 19%,

investment in our homes has increased from 45% to 49%, and interest payments have increased slightly from 30% – 32%.

## Borrowing

- 6.24 The Council's borrowing position following self-financing is summarised as follows:

### Summary borrowing position for self-financing

	£000's
Opening Debt Allocation (Debt Cap)	63,068
Actual debt	57,733
Borrowing Headroom	5,335

- 6.25 Actual HRA borrowing is made up of £7.5m historic debt and £50.2m new borrowing – all through fixed rate 'interest only' loans and in accordance with the Council's Treasury Management Strategy.

### Loan analysis

Loan Value	Loan Rate	Loan Term	Maturity Date
£	%	Years	
6,500,000	8.785	8.16	22.05.2020
1,000,000	8.375	44.0	31.03.2056
16,793,000	3.50	30.0	28.03.2042
16,720,000	3.52	40.0	28.03.2052
16,720,000	3.48	50.0	28.03.2062

- 6.26 The business plan model assumes that borrowing is repaid at the earliest opportunity, in order to demonstrate viability. In reality the Council will be able to review the plan regularly and make decisions about the use of surpluses, balancing the repayment of borrowing and additional investment in the stock. This will give the Council greater flexibility in its long term planning than has been possible under the previous subsidy system. In 2014/15 interest charges are estimated to be £2.66m and money has been set aside to cover future principal repayments of £1.26m. As part of our Treasury Management Strategy we are also planning to use our growing cash balances to fund

investment in new build homes through either internal borrowing or loans to Selby and District Housing Trust.

### Stock investment needs

- 6.27 A new Stock Condition Survey was commissioned in 2014 to inform the capital programme, and revised financial information to support this Business Plan will inform our plans once the results are known and assessed in the Autumn. The survey will be a sample to reflect our varied housing stock, and will cover around a third of our homes.
- 6.28 The table below summarises the capital investment estimates for the next five years. Resources for investment in our stock come from the depreciation charges set aside in our Major Repairs Reserve along with any in-year surpluses generated. These surpluses can also be set aside with a view to repaying debt at the earliest opportunity.
- 6.29 The programme of works for 2014/15 – 2018/19 was approved as part of the 2014/15 budget process. Capital investment in years four and five of the plan is subject to review and prioritisation alongside the range of strategic issues identified in this Business Plan.

### Capital investment forecasts

	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
Programme of Works	4,031	2,865	2,251	3,766	3,858
New Development	300	1,250	1,250	1,250	1,250
Total capital Investment	4,331	4,115	3,501	5,016	5,108

- 6.30 Over the initial three years of the plan, our planned replacement programme saw tenants benefiting from measures to improve the energy efficiency of their homes – ensuring we fulfil our landlord responsibilities whilst cutting our tenants' energy bills.
- 6.31 The cost of improving the stock beyond this level will need to be the subject of further review and consultation taking into account the resources available and the Council's Asset Management Strategy, although we aim to begin a programme to replace bathrooms once we have completed our planned kitchen upgrades.
- 6.32 The total projected expenditure to improve and maintain the stock and related assets will be adjusted following the Stock Condition Survey commissioned in 2014, and will feed into a revised programme of works. Information on the estimated investment needs and resources available over 30 years will be shown at **Appendix C(ii)**.



## Right to Buy

- 6.33 RTB sales in Selby district were 60% higher in 2013/14 than in 2012/13, but are yet to reach the levels they achieved before the recent recession.
- 6.34 Within the HRA Business Plan we had initially assumed right to buy sales at two per annum for 2012/13 and 2013/14, five per annum for 2014/15 to 2019/20 and 10 per annum thereafter.
- 6.35 However, from the baseline of 2010-11 and 2011-12 when there were three sales per year, there were 10 completions in 2012-13 and 16 during 2013-14. It is likely that these numbers will continue to increase, and assumptions have been made within our financial planning to take account of additional sales. The following table shows an estimate of receipts from the sale of council houses and the amount Selby District Council can retain for debt repayment and new build projects.

	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
Estimated Receipt from sales	773	812	852	892	934
Estimated Government share	373	389	412	436	461
Selby share	400	423	440	456	473

- 6.36 From April 2012 the Government's enhanced 'Right to Buy' scheme brought a new maximum discount of £75,000 for eligible tenants (against the previous maximum of £24,000 for Selby), and from late 2014, there will be a reduced qualifying period of three years from five previously. The Government's proposal indicates that net receipts from these sales should be used to replace the additional homes sold due to the increase in discount.
- 6.37 The net receipt can be adjusted for allowable costs, and repayment of debt, although debt repayment is not mandatory. The 'one-for-one' replacement rules state that no more than 30% of the cost of replacement homes can be funded from RTB receipts, with the rest coming from other funding opportunities, such as borrowing against future rental income of the dwelling, or working in partnership with other social landlords.
- 6.38 There is a recognition that this may have a detrimental impact on the self-financing business plans of local authorities and as part of our

response to this change we will be preparing a local funding plan to help us demonstrate how we will try to achieve the Government's objectives for the replacement of homes sold, along with a continuing viable Housing Revenue Account. This will include a risk assessment of which properties are more susceptible to the RTB.

### **Impact of Local Enterprise Partnership and Local Investment Fund**

- 6.39 House building is vital for local economic growth, and the Council will continue to work closely with the North Yorkshire Local Enterprise Partnership (LEP) when preparing bids for extra borrowing powers, which will form part of the government's Local Growth Fund.
- 6.40 Increasing the supply of affordable homes is a priority for the Government and it is a critical element in wider economic growth. Work is progressing with LEPs for North Yorkshire and Leeds City Region to agree local Growth Deals. In many areas, a key part of the local strategies developed by LEPs will be investment for housing growth.
- 6.41 Since the introduction of self-financing for local government in 2012, many stockholding councils are starting to look again at the opportunities it offers to build new homes for their local communities. However, many councils have said that they can do more if they can undertake additional borrowing. The government therefore announced in the Autumn Statement in 2013, that local authority HRA borrowing limits would be raised by £150 million in 2015-16 and £150 million in 2016-17, allocated on a competitive basis to drive value for money. In July 2014 the government announced an increase of £60 million in additional HRA borrowing to help bring forward additional affordable homes, and will be holding a second bid round for new schemes in 2016/17. We will consider this opportunity for additional funding.
- 6.42 Local authorities who had a proposal agreed by their LEP were able to bid for additional borrowing. Selby bids through the LEPs included Riccall as a key growth site for North Yorkshire, Olympia Park and Papyrus Works, Newton Kyme, as key growth sites for Leeds City Region.

### **Risks**

- 6.43 The financial elements of the business plan carry a number of risks:

#### **Interest Rates**

- The council decided to take fixed rate borrowing for the new £50.233m loans from PWLB which have been used to pay CLG which has mitigated the risk of exposure to increasing interest rates as the economy starts to recover. Should further borrowing be taken in future then the risk of higher rates for new borrowing remains.

### **Inflation – Economic Uncertainty**

- Inflation is a key issue for the Council especially when rates are high relative to income growth.
- High inflation impacts on the rent modelling which from 2015/16 will be CPI plus 1%.
- The self financing business plan financial model has been modelled using a prudent inflation rate consistent with the rates used by the Council of 3.0% from 2013/14.

### **Assets – Council Houses**

- The viability and affordability of the HRA business plan when originally developed, was based on the stock numbers reducing with then current forecasts of Right to Buys (RTB). This business plan refresh also considers the impact of government policy relating to increased discounts and reduced eligibility periods on the number of RTB sales, and the forecast takes account of this.
- Increased asset disposals would result in reduced rental income but also reduced maintenance liabilities and affect the repayment of associated debt. The Council has taken a range of loans over a mix of maturity dates to allow flexibility for repayment and will prepare a local funding plan to forecast the impact of this change and to help mitigate the associated financial risks.

### **Rents (Income)**

- Rent increases could result in a lower collection rate. Welfare reform, unemployment, inflation and other economic factors could affect tenants' ability to afford higher rent increases. Rents have been modelled using social rent policy and to keep within guideline rent for 2014/15.

### **Reserves**

- 6.44 As part of the budget setting process the Council is required to review the adequacy of its reserves and this includes the HRA reserve. The Council confirmed in February 2012 that the HRA reserve should be £1.5m. This level is deemed adequate to provide financial resource for any unforeseen circumstances within the HRA that may require additional funds. This equates to approximately £480 per dwelling.

### **Financial Outlook to 2016/17 and beyond**

- 6.45 Following the move to self-financing the financial forecasts show that, based on original assumptions on 'Right to Buy' sales, there were sufficient resources over the five-year period of the plan to maintain a viable Housing Service, maintain the Decent Homes plus standard, and carry out the necessary planned repairs to our housing stock, although this did put pressure on the ability to repay debt over 30 years. The original financial model showed the need to increase principal set-aside from year 11 onwards to maintain a 30 year payback.

- 6.46 The financial forecast at **Appendix C** suggests that, subject to the assumptions within the model, there is some modest headroom in years 1 to 5. This provides some level of contingency as the impacts of this change become clearer.
- 6.47 We have the opportunity to increase borrowing up to our 'debt cap' which would cost in the region of £240k per year in interest charges plus principal repayments of around £178k per year based on a 30 year term. With this additional borrowing, the plan is to build an additional 50 homes over the next 5 years.
- 6.48 The balance of using resources to repay debt and maintain and/or extend the housing stock will be an on-going feature of the Business Plan and will require careful consideration as the further impacts of the changes to 'Right to Buy' emerge. That said, the ability to invest in our housing stock over the life of the plan will continue to improve the quality of the homes we provide. Within the available resources there will be the ability to focus spending on those things which will have greatest impact on achieving the Council's objectives whilst improving the quality of life for our tenants.
- 6.49 The Council has entered into an agreement with central government to keep the capital receipts from right to buy sales, but this is unlikely to be possible until 2017/18. Decisions will also need to be made regarding the priority for repaying debt against using capital to build.

### **Increasing Local Authority housing**

- 6.50 Demand for affordable homes remains high, although there is a reduced number of 477 active applicants on the waiting list for Selby following the HomeChoice policy review in 2013, which sets out stricter criteria on household income/equity, local connection, and reduced numbers due to homeowners with no housing need being excluded from the list.
- 6.51 Since April 2012, stock owning local authorities have had flexibility to increase housing supply. Under the Housing Revenue Account self-financing system, authorities can keep their rental income and manage their housing stock in the most effective way. Additionally, they may also use finance and surplus revenue to directly fund capital work and have borrowing approval which could be used to raise private finance to support the building of more local authority homes.
- 6.52 Our Housing Development Strategy 2013 provides a framework for the Council to deliver affordable housing itself, either through the HRA, or through the Trust.

- 6.53 We are keen to ensure that opportunities for the development of affordable housing in the district are maximised. Consideration will be able to be given to whether individual schemes are better progressed within the HRA or through the Trust. A number of Council owned sites have already been approved for affordable housing development.
- 6.54 A contingency amount of £75k per year is in the plan from 2015/16. This is to be utilised to support rent losses from void properties on sites earmarked for redevelopment.
- 6.55 The Council will build homes to meet the needs of those on its waiting list, in particular those with a disability. The sum of £300k will be available initially for new build within the HRA for the development of non-general needs homes; general needs homes will be built by the new Trust. Our Housing Development Strategy 2013 sets out that an indicative funding plan assuming an average build of £100k per property could be:

	Year 1 £000's	Year 2 £000's	Year 3 £000's	Year 4 £000's	Year 5 £000's
<b>Resources required</b>	<b>600</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>
<b>Financed by:</b>					
HRA Debt	300	1,250	1,250	1,250	1,250
S106	0	0	500	500	500
GF Debt	300	1250	750	750	750
<b>Total Funds</b>	<b>600</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>

- 6.56 The Council could consider registering with the Homes and Communities Agency to become a Registered Provider, which would offer the opportunity for the Council to bid for funding for new affordable homes. If we were to enter into a delivery agreement with the Homes & Communities Agency (HCA) under the Affordable Homes Programme, with their agreement we would be able to consider offering new homes at a higher Affordable Rent (up to 80% market rent), and converting a proportion of our re-lets to Affordable Rent. We are investigating whether an agreement can be reached with DCLG to charge Affordable Rent on the new units which are developed without HCA funding. The additional income from higher rents, and Section 106 affordable housing contributions could assist in funding more affordable homes in the district.
- 6.57 The new Affordable Housing Supplementary Planning Document (AHSPD) allows for commuted sums to be collected from developers in

lieu of them providing affordable housing under certain circumstances, including on sites of less than 10 units. Such monies would be available for the funding of affordable housing in the district and affordable housing developers (potentially including SDC, the Trust and RP partners) would be able to bid for these. The mechanism for this approach is under consideration. However, the government has recently carried out consultation regarding the possible removal of the requirement for an affordable housing contribution on smaller schemes

- 6.58 The Trust is already bringing forward two sites in Tadcaster where land has been provided by the Council, for the development of up to six affordable homes.
- 6.59 The Council also has the potential to buy back former Council houses as they come on the market, subject to a local housing need being identified. This option has been considered in the Council's Development Strategy 2013 (see clause 4.4.4). These homes would be of a good size and standard, usually located near existing Council stock for ease of management, and could be let to new tenants at target rent. Each purchase would be dependent on an individual business case.

## **7. Delivery**

### **Operations**

- 7.1 The Council has commissioned 'Access Selby' to deliver the Housing Service, and the Delivery Plan which flows from this Business Plan forms part of the Access Selby Service Level Agreement.
- 7.2 In general the clerical, administrative services are provided through the Access Selby Business Support Team and front line services are provided by the Contact Centre and Community Officers Team. Responsive repairs and works to 'void' properties are co-ordinated and delivered through the Assets team based in Selby.

### **Housing Strategy and Policy Changes**

- 7.3 Access Selby Policy Team is responsible for reviewing existing housing policies and responding to new and developing national policies and legislation including housing and homeless strategy, allocations, tenancy and tenant participation. The team works closely with the Community Officers on the delivery of policies and is working in partnership with North Yorkshire local authorities on sub regional policies.

### **Service performance**

- 7.4 Although the past few years have brought many challenges, we have strived to deliver excellent services to our customers and we have provided:
- quick and easy access to services by phone, in person and on line with customer satisfaction at 95% improving to 98.7% for 2013/14, and 92% of enquiries continuing to be dealt with at the first contact during 2014;
  - community officers to provide better coordinated services affecting tenants and the communities in which they live;
  - extended opportunities for community engagement through the Tenant and Resident Association (TARA) network;
  - opportunities for tenants Area Panels to be set up;
  - choice-based lettings (CBL), to support easier access to housing information, and to improve choice and mobility;
  - quick repairs, mostly by appointment at a time that suits the customer;
  - support to vulnerable people, with aids and adaptations provided quickly;
  - a high level of rent collection from current tenants, remaining high at just over 98% of rent due collected in both 2011/12 and 2013/14;
  - generally low cost and high quality services; with significant improvements made during the last year to the turnaround of re-

lets to maximise availability of accommodation. For voids, the target re-let time for 2013/14 was 24 days, and this was achieved with an outturn of 23.6 days.

- 7.5 There is still room for improvement though, so we will:
- continue to offer opportunities for young people and people from minority communities to have their say as these people are under-represented in customer engagement groups;
  - target urgent repairs to increase the number that are carried out within agreed timescales;
  - continue our work on homeless prevention & housing options to ensure that our housing stock is offered to those in need; and
  - continue our work to tackle rent arrears owed by current and former tenants.

7.6 The Council is also committed to delivery of national standards:

<b>Standard</b>	<b>Covers</b>
Tenant involvement and empowerment standard	Customer service and choice; Involvement and empowerment; Equality and diversity; Tenants with additional support needs; Complaints.
Home standard	Repairs and maintenance; Quality of accommodation.
Tenancy standard	Allocations; Rents and tenure.
Neighbourhood and community standard	Neighbourhood management; Local area co-operation; Anti-social behaviour.
Value for money standard	Value for money services.
Governance	Decision making & governance.

These are clear outcome-based standards with statutory requirements that all social landlords must meet and a focus on tailoring services to meet local needs and priorities.

7.7 These, and the issues outlined in Section 5, will be taken forward through the Service Level Agreement the Council has with Access Selby and we will monitor progress in these key areas.

7.8 The headline risks associated with this Business Plan are set out in **Appendix D**.



## **8. Consultation**

- 8.1 Tenants were consulted on the 2012-17 Business Plan (as required by s105 Housing Act 1985) through the Tenants and Leaseholder Scrutiny Panel which will continue to have an important role in making sure that tenants have all the information they need.
- 8.2 This draft Business Plan will be brought to the attention of all tenants and leaseholders through the 'Open Door' newsletter delivered to each of them, it will be available at each of the Community Engagement Forum meetings, and on-line, with hard copies available on request.
- 8.3 This draft HRA Business Plan 2014 is due for consultation during September/October.



	<p>Reduced incidence of anti-social Behaviour</p>	<p>The garden at Laurie Backhouse Court has been redesigned. We have targeted overgrown gardens for improvement</p> <p>Personal, environmental and nuisance related complaints (including overgrown trees, gardens etc across all tenures) has increased due to our increased focus on these issues – 2012/2013 - 676 2013/2014 - 959</p> <p>The planned review of the Anti-social behaviour policy in 2013 was re-timetabled to Autumn 2014 when new legislation will be implemented.</p>	<p>We will continue to target overgrown gardens and will take enforcement action in the worst cases to demonstrate our commitment</p> <p>It is likely that reporting will increase following policy review as the policy is now aimed at the district generally and not just at tenants</p> <p>2014 Review and development of ASB procedures</p>	<p>2014 and ongoing</p> <p>Ongoing</p> <p>2014</p>
--	---	--	--	--

Outcomes to be achieved	What success will look like	How success has been achieved to 2014	What Access Selby will do 2014 +	By when
<b>Changing places</b>				
Homes stock that better meets the needs of our changing communities	'New' properties that match our assessed need	Since 2012 we have carried out 65 adaptations to our own stock	Implement effective Asset Management Strategy for Council owned homes	Annually by 31 March
	More tenants buying their homes	16 tenants bought their homes under RTB during 2013/14	Consider how additional affordable homes might be developed through the HRA	By January 2015
	Local funding plan in place that demonstrates viability of RTB and 'one-for-one' replacement	Insufficient receipts have been generated to date	We will continue to assist tenants who apply to buy their home	Ongoing
			We will need to further consider the viability of one to one replacement, but other authorities are finding this is not achievable	2014/15
<b>Living well</b>				
Improved quality of life of our tenants and leaseholders	'Decent Plus' standard maintained	We have maintained the Decent Homes standard and increased energy efficiency through the insulation of 84 Airey homes	Continue to maintain stock intelligence – a new Stock Condition Survey has been commissioned. Approx a third of our homes will be visited	Annually by 31 March
	More tenants with reduced heating costs	We have installed 500 boilers/new heating systems	Deliver Council's approved capital programme	Ongoing
	Increased satisfaction in the service	Customer satisfaction with our service in general remains high at over 98% in both 2012/13 and 2013/14	We will consider the opportunities provided by the Green Deal to implement further energy efficiency measures	2014/15

Outcomes to be achieved	What success will look like	How success has been achieved to 2014	What Access Selby will do 2014 +	By when
			Continue to deliver a customer focussed responsive repairs service	Ongoing

Outcomes to be achieved	What success will look like	How success has been achieved to 2014	What Access Selby will do 2014 +	By when
<b>Tackling the tough stuff</b>				
Help meet the affordable housing needs across the district	Net increase in housing stock	There were an additional 128 affordable completions in 2012/13 and 2013/14.	Continue to implement effective Asset Management Strategy for Council owned homes	Annually by 31 March
	Ratio of occupancy bedrooms improved in fixed term tenancies	Tenancy Policy 2013 has introduced the use of Fixed term tenancies.	Consider the development of additional affordable housing through the HRA	Ongoing
	Reduction in number of 'hard to let' properties	Tenancy Policy 2013 has introduced the use of Fixed term tenancies.	More effective tenancy allocations through fixed terms When the first of these come to an end (potentially in 6 years time) we will have the opportunity to review occupancy	By 1 April 2015
			With focussed allocations most homes can be let – we have no long term voids.	Ongoing
Continue to consider new approaches to letting these homes	Ongoing	Assessment of 'hard-to-let' homes is ongoing including assessment of redevelopment potential	Ongoing	

Outcomes to be achieved	What success will look like	How success has been achieved to 2014	What Access Selby will do 2014 +	By when
<b>Switched on</b>				
Value for money delivered to our tenants and stakeholders	<p>Improved performance across key performance measures (including responsive repairs)</p> <p>Reduced management costs</p>	<p>Annual reviews are undertaken. Recently void turnover has reduced from 10% in 2011/12 to 8.2% in 2013/14</p> <p>Average void turnaround time was maintained in 2013/14 at 24 days</p> <p>Savings have been achieved by Community Officers providing a generic service</p> <p>Overall savings on management have been generated through the Access Selby structure</p>	<p>Annual review of HRA Business Plan</p> <p>We will continue to focus on the cost of void turnover</p> <p>Further savings will continue to be identified and implemented eg vehicles, procurement</p>	<p>September each year</p> <p>Ongoing</p> <p>2015 and Ongoing</p>
Effective and transparent decision making demonstrated	Information easily available to tenants and leaseholders about how we manage their homes	Annual report to tenants and leaseholders published in Open Door and delivered to all Scrutiny Panel has the opportunity to challenge and discuss our service	Annual report to be circulated Continue to support the Scrutiny Panel to engage with us	Annual and ongoing

## Extracts from Selby District Profile /Needs Assessment 2014

### Place

Selby is mainly a rural district that covers an area of 602 square km, made up of countryside that is broken up by the three market towns of Selby, Sherburn in Elmet and Tadcaster, and supplemented by a range of larger villages that provide some services, access to larger towns and employment opportunities, plus many smaller rural villages and hamlets. Historically the district's economy has been dominated by agriculture, coal mining and energy industries, with Selby being the main employment centre, supplemented by industrial and distribution based growth in Sherburn in Elmet.

Between 2001 and 2011 the district's population increased by 9.0%; and the mid-2012 population estimates put the current population at 84,144<sup>3</sup>, and it is expected to continue to grow. This equates to almost 14% of the total North Yorkshire population – showing a steady and expected level of growth. Projections show that between 2012 and 2037 the population of North Yorkshire is expected to increase by 6.6% - with an average yearly increase of 1,580 people. Growth is expected in all Districts, but Selby is due to see the largest increase at 17.9% by 2037. Approximately a third of the population live in the market towns, with the remaining residents living in the 60 or so villages and hamlets.<sup>4</sup>

### Housing

There is currently an undersupply of all types of housing in the district. According to the Council's Core Strategy, a minimum of 450 new homes is required each year to meet current and future residential requirements (up to 2027). Land has been identified in the district over the next five years to accommodate the type and volume of homes necessary (SHLAA 2011 and 5 Year Housing Land Supply). The need for additional housing is recognised by a number of CEFs.

---

<sup>3</sup> ONS Mid-Year Population Estimates

<sup>4</sup> SDC Core Strategy



## Housing Affordability

The table below shows that in order to buy a modest home in the district, a lower paid worker would need to spend over six times their salary. This multiple is the second lowest in the county, with only Scarborough being lower, and is comparable with national levels.

In accordance with the national picture more affordable housing<sup>5</sup> is needed in the district. In 2008 it was estimated that an additional 409 homes per year would be necessary for a five year period to accommodate the affordable housing need. Currently supply does not meet demand.

### Affordability of housing: Ratio of lower quartile house prices to lower quartile earnings (Ratio) (North Yorkshire) [2013]

North Yorkshire	North Yorkshire Code	Ratio of lower quartile house prices to lower quartile earnings (Ratio)
North Yorkshire County	36	7.20

#### Comparators

Area Name	Area Code	Ratio of lower quartile house prices to lower quartile earnings (Ratio)
Scarborough District	36UG	5.99
England	064	6.45
Selby District	36UH	6.63
Ryedale District	36UF	7.36
Craven District	36UB	7.38
York	00FF	7.89
Harrogate District	36UD	8.60
Hambleton District	36UC	8.69
Richmondshire District	36UE	8.95

The data below is from the Selby District Council Annual Monitoring Report. It demonstrates that affordable dwellings supplied through market housing schemes over the past seven years have contributed an average of just under 80% of all such homes built in the district. As 409 affordable homes are estimated to be required each year in the district during the six year period, supply represents just under 19% of this aim, and makes up just under 19% of the total homes built in the district.

<sup>5</sup> Social rented, affordable rented and intermediate housing for sale or rent, provided to eligible households whose needs are not met by the market.

## People

### Changing demographics

The population of Selby is projected to increase and age along with the rest of North Yorkshire, with a projected population of 103,400 by 2035, and 35% increase in the over 65 years age group by 2021 (JSNA Selby Summary 2012) – recent longer term projection expect this to increase to be at 62.6% by 2037. This is important as many conditions (eg stroke, diabetes and dementia) are associated with increasing age. Suffering from such conditions will impact on people's ability to live independently, with people requiring more home adaptations or support to remain healthy and safe within their own home, social or supported housing. The latter often falls within the classification of affordable housing.

### Ethnic Diversity

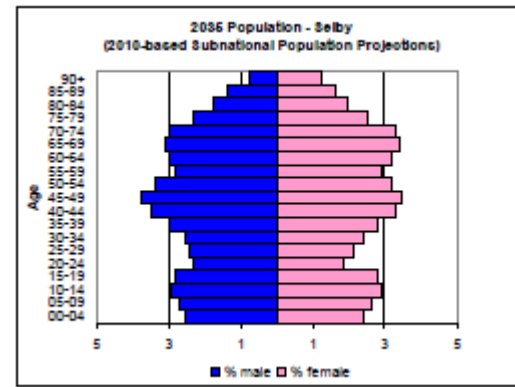
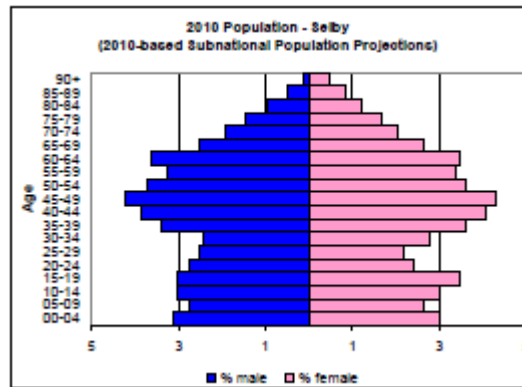
According to national statistics, Selby's community, from a race and religious perspective, is becoming more diverse. The 2011 Census updates indicate that 95.5% of residents in the district are White British – this shows a rise in residents who come from other ethnic groups of 4% from pre-census figures.

## Participation

Public sector budget cuts have already had an impact on local services. In the next few years this pressure will considerably increase, Selby District Council budgets are under pressure with central government funding cuts estimated to 1.5m over the next few years. North Yorkshire Country Council is also in a four year programme of cuts, faced with saving 94m by 2015. In order to meet the challenge of this austerity, the Council needs to collaborate with a range of public and private sector partners, but there is also a growing necessity to work closely with voluntary and community organisations to develop resilience and adapt to face the challenges ahead.

People are living much longer than previously which means that the population will continue to expand – the charts below show the effect of these changes on the projected population age profile.

This issue is budget squeeze, and a support services for the disadvantaged - the vast currently rely on state maintain their quality of



compounded by the growth in the need for disabled, vulnerable and majority of which support and services to life.

In the future such a need will become more reliant on a range of community based solutions. To achieve this we need people to participate, be active in their communities, look after their own health, as well as getting involved in supporting those that need assistance in their own families, and within local communities.

Another way of giving communities better value access to services is to develop the use of technology, enabling people to self-serve when accessing services online.

**Selby DC - HRA Business Plan Revenue Operating Account**

**APPENDIX C(i)**

		Income				Expenditure						Annual Surplus
Year		Rent Income	Other income	Investment Interest	Total Income	Running Costs	Repairs & Maintenance	Depreciation Costs	Loan Interest Charges	Loan Repayment Contribution	Total Expenses	Transferred to MRR
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
1	2014/15	12,259	650	31	<b>12,940</b>	-3,008	-2,363	-1,329	-2,661	-1,260	<b>-10,621</b>	<b>2,319</b>
2	2015/16	12,498	656	84	<b>13,238</b>	-3,159	-2,427	-1,356	-2,691	-1,260	<b>-10,892</b>	<b>2,346</b>
3	2016/17	12,748	662	231	<b>13,641</b>	-3,240	-2,527	-1,385	-2,701	-1,260	<b>-11,112</b>	<b>2,529</b>
4	2017/18	13,100	678	329	<b>14,107</b>	-3,324	-2,580	-1,416	-2,701	-1,260	<b>-11,281</b>	<b>2,826</b>
5	2018/19	13,482	695	348	<b>14,525</b>	-3,413	-2,635	-1,450	-2,701	-1,260	<b>-11,458</b>	<b>3,067</b>
6	2019/20	13,875	711	372	<b>14,959</b>	-3,504	-2,691	-1,485	-2,701	-1,260	<b>-11,640</b>	<b>3,319</b>
7	2020/21	14,279	729	335	<b>15,342</b>	-3,598	-2,748	-1,520	-2,206	-1,260	<b>-11,333</b>	<b>4,010</b>
8	2021/22	14,661	746	325	<b>15,732</b>	-3,692	-2,804	-1,554	-2,123	-1,260	<b>-11,433</b>	<b>4,299</b>
9	2022/23	15,020	764	409	<b>16,194</b>	-3,786	-2,859	-1,585	-2,123	-1,260	<b>-11,613</b>	<b>4,580</b>
10	2023/24	15,388	783	499	<b>16,671</b>	-3,882	-2,915	-1,618	-2,123	-1,260	<b>-11,798</b>	<b>4,873</b>
11	2024/25	15,765	802	596	<b>17,163</b>	-3,981	-2,972	-1,650	-2,123	-1,260	<b>-11,987</b>	<b>5,176</b>
12	2025/26	16,150	822	699	<b>17,671</b>	-4,082	-3,030	-1,684	-2,123	-1,260	<b>-12,180</b>	<b>5,491</b>
13	2026/27	16,544	842	809	<b>18,195</b>	-4,186	-3,090	-1,718	-2,123	-1,260	<b>-12,377</b>	<b>5,818</b>
14	2027/28	16,948	862	926	<b>18,736</b>	-4,293	-3,150	-1,752	-2,123	-1,260	<b>-12,578</b>	<b>6,158</b>
15	2028/29	17,360	883	1,050	<b>19,294</b>	-4,402	-3,211	-1,788	-2,123	-1,260	<b>-12,784</b>	<b>6,510</b>
16	2029/30	17,783	905	1,182	<b>19,869</b>	-4,515	-3,273	-1,824	-2,123	-1,260	<b>-12,995</b>	<b>6,875</b>
17	2030/31	18,215	927	1,322	<b>20,463</b>	-4,630	-3,337	-1,861	-2,123	-1,260	<b>-13,210</b>	<b>7,253</b>
18	2031/32	18,656	950	1,470	<b>21,076</b>	-4,748	-3,401	-1,898	-2,123	-1,260	<b>-13,430</b>	<b>7,646</b>
19	2032/33	19,108	973	1,627	<b>21,708</b>	-4,869	-3,467	-1,936	-2,123	-1,260	<b>-13,655</b>	<b>8,053</b>
20	2033/34	19,571	997	1,793	<b>22,360</b>	-4,993	-3,534	-1,975	-2,123	-1,260	<b>-13,885</b>	<b>8,475</b>
21	2034/35	20,044	1,021	1,968	<b>23,032</b>	-5,120	-3,602	-2,015	-2,123	-1,260	<b>-14,120</b>	<b>8,912</b>
22	2035/36	20,527	1,046	2,153	<b>23,726</b>	-5,251	-3,671	-2,055	-2,123	-1,260	<b>-14,360</b>	<b>9,366</b>
23	2036/37	21,022	1,072	2,348	<b>24,441</b>	-5,385	-3,742	-2,096	-2,123	-1,260	<b>-14,606</b>	<b>9,835</b>
24	2037/38	21,528	1,098	2,554	<b>25,179</b>	-5,522	-3,813	-2,138	-2,123	-1,260	<b>-14,857</b>	<b>10,322</b>
25	2038/39	22,045	1,125	2,770	<b>25,940</b>	-5,663	-3,886	-2,181	-2,123	-1,260	<b>-15,113</b>	<b>10,826</b>
26	2039/40	22,574	1,152	2,998	<b>26,724</b>	-5,808	-3,961	-2,224	-2,148	-1,260	<b>-15,401</b>	<b>11,323</b>
27	2040/41	23,115	1,181	3,237	<b>27,532</b>	-5,956	-4,036	-2,268	-2,159	-1,260	<b>-15,679</b>	<b>11,853</b>
28	2041/42	23,668	1,210	3,278	<b>28,155</b>	-6,108	-4,113	-2,313	-2,146	-1,260	<b>-15,941</b>	<b>12,214</b>
29	2042/43	24,233	1,239	3,334	<b>28,806</b>	-6,264	-4,191	-2,359	-1,558	-1,260	<b>-15,632</b>	<b>13,174</b>
30	2043/44	24,811	1,270	3,615	<b>29,696</b>	-6,424	-4,270	-2,406	-1,560	-1,260	<b>-15,920</b>	<b>13,776</b>
	<b>Total</b>	<b>536,976</b>	<b>27,448</b>	<b>42,692</b>	<b>607,115</b>	<b>-136,805</b>	<b>-98,302</b>	<b>-54,838</b>	<b>-66,148</b>	<b>-37,800</b>	<b>-393,893</b>	<b>213,222</b>

**Selby DC - HRA Business Plan - Capital Programme & Major Repairs Reserve**

Year	Contributions & Expenditure - Capital Programme					Loan Repayments		
	Depreciation Transferred to MRR £,000	Additional Contributions to MRR £,000	Total Contributions to MRR £,000	Estimated Capital Programme £,000	Additional MRR Funds Available for Investment £,000	Debt Repayment Contributions £,000	Debt Repayment Schedule £,000	MRR Debt Repayments Balance £,000
1 2014/15	-1,329	-2,319	-3,648	4,031	383	-1,260		-1,260
2 2015/16	-1,356	-2,346	-3,702	2,865	-454	-1,260		-2,520
3 2016/17	-1,385	-2,529	-3,914	2,251	-2,116	-1,260		-3,780
4 2017/18	-1,416	-2,826	-4,242	3,766	-2,593	-1,260		-5,040
5 2018/19	-1,450	-3,067	-4,517	3,858	-3,251	-1,260		-6,300
6 2019/20	-1,485	-3,319	-4,803	3,934	-4,120	-1,260		-7,560
7 2020/21	-1,520	-4,010	-5,530	4,011	-5,638	-1,260	6,500	-2,320
8 2021/22	-1,554	-4,299	-5,853	4,090	-7,401	-1,260		-3,580
9 2022/23	-1,585	-4,580	-6,166	4,170	-9,397	-1,260		-4,840
10 2023/24	-1,618	-4,873	-6,490	4,252	-11,635	-1,260		-6,100
11 2024/25	-1,650	-5,176	-6,827	4,335	-14,126	-1,260		-7,360
12 2025/26	-1,684	-5,491	-7,175	4,425	-16,877	-1,260		-8,620
13 2026/27	-1,718	-5,818	-7,536	4,516	-19,897	-1,260		-9,880
14 2027/28	-1,752	-6,158	-7,910	4,609	-23,198	-1,260		-11,140
15 2028/29	-1,788	-6,510	-8,297	4,704	-26,791	-1,260		-12,400
16 2029/30	-1,824	-6,875	-8,698	4,795	-30,695	-1,260		-13,660
17 2030/31	-1,861	-7,253	-9,114	4,888	-34,921	-1,260		-14,920
18 2031/32	-1,898	-7,646	-9,544	4,982	-39,483	-1,260		-16,180
19 2032/33	-1,936	-8,053	-9,989	5,078	-44,394	-1,260		-17,440
20 2033/34	-1,975	-8,475	-10,450	5,176	-49,668	-1,260		-18,700
21 2034/35	-2,015	-8,912	-10,927	5,275	-55,320	-1,260		-19,960
22 2035/36	-2,055	-9,366	-11,421	5,376	-61,364	-1,260		-21,220
23 2036/37	-2,096	-9,835	-11,932	5,479	-67,817	-1,260		-22,480
24 2037/38	-2,138	-10,322	-12,460	5,584	-74,693	-1,260		-23,740
25 2038/39	-2,181	-10,826	-13,007	5,690	-82,010	-1,260		-25,000
26 2039/40	-2,224	-11,323	-13,547	5,799	-89,758	-1,260		-26,260
27 2040/41	-2,268	-11,853	-14,121	5,909	-97,971	-1,260		-27,520
28 2041/42	-2,313	-12,214	-14,528	6,021	-106,477	-1,260	16,833	-11,947
29 2042/43	-2,359	-13,174	-15,533	6,135	-115,876	-1,260		-13,207
30 2043/44	-2,406	-13,776	-16,182	6,251	-125,807	-1,260		-14,467
Total	-54,838	-213,222	-268,060	142,253		-37,800	23,333	

### Financial Assumptions

Forecasted costs and income are based on the Councils 2014/15 budgets and the following assumptions:

1. 2014/15 Rents increase in line with government policy, to converge with target rents increasing at inflation (RPI) +0.5%, from 2015/16 a new rent policy commences with rents increasing at CPI + 1% for a ten year period.
2. Non-dwelling income increases in line with the Council's policy for fees and charges of inflation as at September each year.
3. The void rate is set at 1% and the bad debt provision at 1%
4. The day to day maintenance costs increase in line with inflation and do not vary with small stock losses from right to buy.
5. General inflation based on RPI at 2.5%
6. Cost of borrowing 4.18%
7. Any surplus funds generated through efficiencies or additional income is allocated to the major repairs reserve to be available for use either to repay borrowing or additional investment in stock.
8. Increased discounts for tenants to purchase homes under right to buy has led to increased assumptions in the number of annual sales to 16 per year.
9. Capital programme is based on stock survey data held and includes inflation.
10. The HRA unallocated reserve minimum level remains at £1.5m.

### Risks

The key risks associated with this Business Plan are:

Political – whether the existing programme and new initiatives would deliver the Council's vision and aspirations, and the impact of any national policy changes

Economic – due to increasing construction costs, insufficient finances are available;

Social – due to the changing demographics and expectations whether the Council's existing programme and any new initiatives meet our customer needs;

Technological – ensuring our providers have the skills to deliver this Business Plan;

Legal - that the Council considers all the legal aspects of any new initiative to ensure compliance with legislation and health and safety law.

# Selby District Council

## REPORT

Reference: E/14/23

Public – Item 8



**To:** The Executive  
**Date:** 4 September 2014  
**Status:** Non Key Decision  
**Report Published:** 27 August 2014  
**Author:** Keith Dawson  
**Executive Member:** Cllr Cliff Lunn  
**Lead Officer:** Karen Iveson

**Title:** Spend to Save Investment in Planning

### Summary:

Access Selby Board invested additional resources in pre-application planning advice in January 2014. The Executive asked that they receive a report which detailed the outcomes achieved in the first six months of operation.

### Recommendations:

- i. The Executive notes the report.

### Reasons for recommendation

For information.

#### 1. Introduction and background

- 1.1 In July 2013 Access Selby Board resolved to improve the pre-application planning advice service offer to customers by investing additional resources from the "Spend to Save" budget.
- 1.2 Access Selby Board's commercial decision to invest additional resources in pre-application planning advice service was reported to Executive in October 2013.
- 1.3 The Executive was supportive of the proposals and asked that they receive a report which detailed the outcomes achieved in the first six months of operation.



## **2. The Report**

- 2.1 Following the recruitment of additional staff, the service went live on 26 January 2014. This consisted of a paid appointment service at the contact centre for face to face advice from planning officers, plus an option to receive written advice on permitted development for a fee.
- 2.2 A marketing firm was engaged to help promote the new service branded as the “Planning Surgery”. Leaflets and posters advertising the service have been circulated, and the service has been advertised by press release, within the “Citizen Link” newsletter, and through the use of social media such as “Linked in”.
- 2.3 Access Selby Board received a report reviewing the take up of the service at its meeting in July.
- 2.4 In summary, the uptake of the service to date has been lower than projected, with approximately 50% of available capacity currently used and therefore it is unlikely that the full cost of the service will be recovered for the year. The Board acknowledged that any new service needs time to bed in, and noted that the additional capacity had helped the planning service deal with the recent increase in workload due to the economic recovery.
- 2.5 The Board also acknowledged the feedback received from service users who were supportive of the enhanced service. In particular, Planning Agents are again using the Duty Officer Service.
- 2.6 The service has been in operation long enough to begin to identify trends in usage. Although there is no significant difference between the demand for morning or afternoon appointments, there is a substantially higher demand on Tuesday and Thursdays.
- 2.7 Given the take up data, the Board agreed to continue the service in its current format to allow for a period of further monitoring and a better data set at the end of the financial year with which to ascertain the financial sustainability of the project.
- 2.8 The Board was very supportive of the service and its recommendation was to continue with the pilot and receive regular updates.

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

### **Legal Issues**

- 3.1 No profit can be made from these charges. At the end of each year a calculation must be made and any profit considered in the setting of the fees for the following year.

## **Financial Issues**

- 3.2 The investment in the service has been funded from Access Selby's Invest to Save budget. The take up of the service and income generated will continue to be monitored against cost and a financial assessment will form part of the review at the end of the financial year.

## **Impact Assessment**

- 3.3 Executive is not asked to take a decision.

## **4. Conclusion**

- 4.1 The uptake of the enhanced planning advice service has been lower than projected and it is unlikely that the full cost of the service will be recovered for the year.

## **5. Background Documents**

*Access Selby Board 14 July 2014 Review of Invest to Save – Planning  
NOT FOR PUBLICATION DUE TO COMMERCIAL CONTENT*

Contact Officer:

Keith Dawson

Director  
Selby District Council  
kdawson@Selby.gov.uk

## **Appendices:**

None

# Selby District Council

## REPORT

Reference: E/14/24

Public – Item 9



**To:** The Executive  
**Date:** 4 September 2014  
**Status:** Non Key Decision  
**Report Published:** 27 August 2014  
**Author:** Chris Smith and Caroline Sampson Paver  
**Executive Member:** Councillor Mark Crane  
**Lead Director:** Mark Steward

**Title:**

**Access Selby 1<sup>st</sup> Interim Key Performance Indicator Progress Report:  
April 2014 – June 2014**

**Summary:**

This report provides details of Access Selby key performance indicators following the 1<sup>st</sup> quarter of reporting for the financial year 2014/15, and recommends appropriate action where required.

**Recommendations:**

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

**Reasons for recommendation**

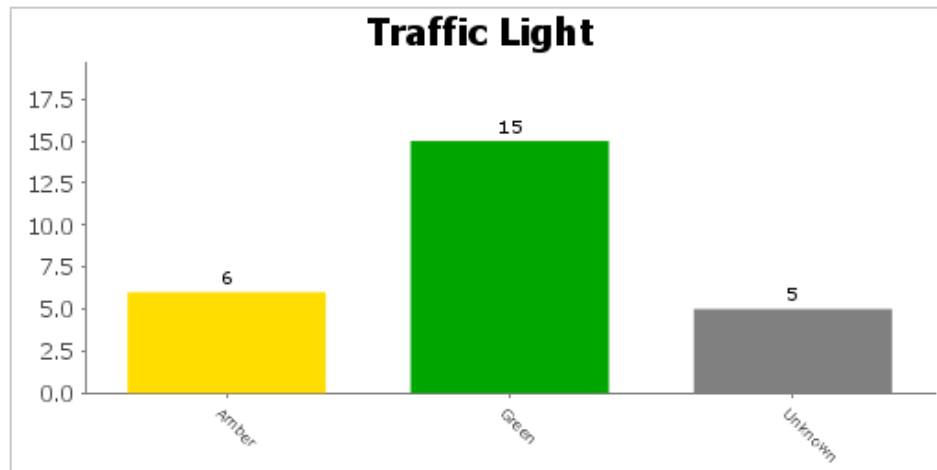
The on-going management of performance and improvement data enables the Council to monitor the level of service delivered by Access Selby, and can assist the Council in achieving its strategic priorities.

### **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 Performance updates are reported to the Executive every quarter; this update is the first part of the 2014-2015 dataset, and gives the Quarter 1 year to date results.

## 2. The Briefing Paper



- 2.1 Based on the monthly and quarterly performance data, results have exceeded target on 15 indicators following quarter 1 reporting.
- 2.2 With regard to the performance indicator for average time to re-let council properties. Performance has reduced due to a number of properties finally being occupied. Mechanisms have been introduced within the process to try and minimise the time taken to re-let certain types of properties in the future.
- 2.3 The performance indicators measuring the inspection of premises remains at Amber status although this reflects low numbers and has been managed through re-allocation of officer workloads.
- 2.4 Improvements are evident in the comparison of performance against the same period in 2013-2014. Collection rates in Council Tax and NNDR have increased in alongside the percentage of urgent & non urgent repairs.
- 2.5 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 so far exceeded target on 15 of the 20 performance indicators where data has been presented. Clear improvements are evident although further work on dem and and data intelligence is required to ensure we continue to meet the targets set for the remainder of the year.

- 4.2** Mechanisms have been put in place to resolve ongoing performance issues throughout the year. Further work continues on percentage of benefit claims/changes processed within 5 days and percentage 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 –**

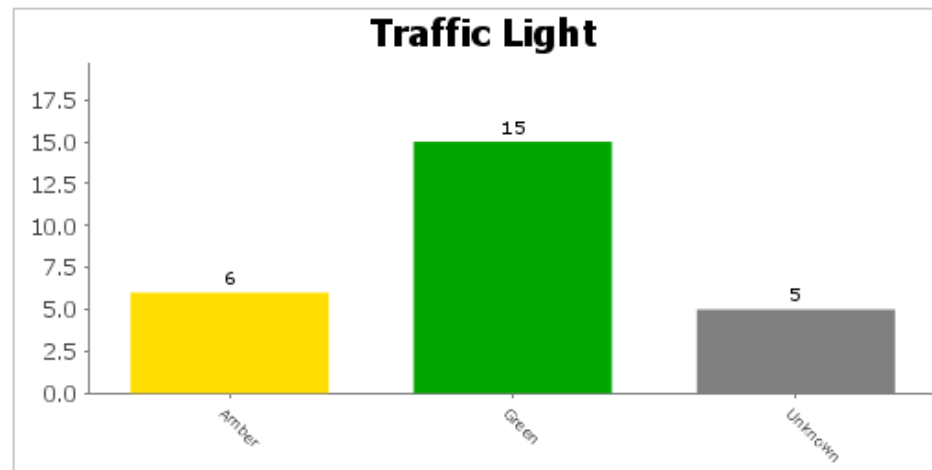
Access Selby 1st Interim Key Performance Indicator Report: April 2014 – June 2014














# Access Selby 1<sup>st</sup> Interim Key Performance Indicator Report: April 2014 - June 2014



**Report Type:** PIs Report  
**Report Author:** Systems Data  
**Generated on:** 01 July 2014







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 1 2013-2014 Performance	Latest Note
SLA_001	% of satisfied customers	<b>Aim to Maximise</b>	70.00%	<b>99.20%</b>				98.63%	<b>How are we doing/Moving Forward?</b>  A total of 1,380 satisfaction surveys have been completed for the period 1 April 2014 to 30 June 2014 with 1,369 customers satisfied with the service received.
SLA_002	% of contact 'right first time'	<b>Aim to Maximise</b>	90.00%	<b>91.76%</b>				91.72%	<b>How are we doing/Moving Forward?</b>  Total of 34,487 contacts were made to the CCC for the period 1 April 2014 to 30 June 2014. A total of 31,644 were dealt with at 1st point of contact.
SLA_003	% satisfied with street cleanliness	<b>Aim to Maximise</b>	80.00%	<b>100.00%</b>					<b>How are we doing/Moving Forward?</b>  We have achieved target on 5 out of the 5 service areas which gives us a 'satisfaction' level of 100% for the quarter.
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 suite of satisfaction surveys WLCT commission for all their sites and is carried out in March each year. Results will be published in Quarter 2.

Code	Short Name	Direction of Travel	Current Target	Current Value	Short Term Trend Arrow	Long Term Trend Arrow	Traffic Light	Quarter 1 2013-2014 Performance	Latest Note
SLA_009.1	% or repairs to council-owned properties completed within agreed timescales (EMERGENCY/URGENT REPAIRS combined)	Aim to Maximise	97.00%	99.79%	↑	↑	✓	98.30%	<b>How are we doing/Moving Forward?</b> Target continues to be met and sustained with a performance consistently above 98.00% since December 2012.
SLA_009.2	% or repairs to council-owned properties completed within agreed timescales (NON-URGENT REPAIRS)	Aim to Maximise	90.00%	99.46%	↑	↑	✓	97.28%	<b>How are we doing/Moving Forward?</b> Target continues to be met and sustained with minimum variance month on month
SLA_010	Average time taken to re-let local authority housing	Aim to Minimise	24 days	28.8 days	↓	↓	⚠	21 days	<b>How are we doing/Moving Forward?</b> The Voids monthly figure for June increased considerably due to a number of very hard to let properties being let. We have started advertising the Hard to Let Sheltered properties in a more traditional way to reach the digitally excluded. A strategy for difficult to let properties will need to be considered as part of the review of the HRA Business Plan.
SLA_013	% increase in employees confidence and perception of the organisation	Aim to Maximise	60.00%	?	?	?	?		<b>How are we doing/Moving Forward?</b> Reports Annually in Quarter 3
SLA_014.1	Inspection of premises in accordance with statutory code of practice (High Risk)	Aim to Maximise	100.00%	93.75%	↓	↓	⚠	100%	<b>How are we doing/Moving Forward?</b> Inspections of <b>high-risk premises: Food hygiene, health and safety and PPC (environmental permits)</b> . Resources



Code	Short Name	Direction of Travel	Current Target	Current Value	Short Term Trend Arrow	Long Term Trend Arrow	Traffic Light	Quarter 1 2013-2014 Performance	Latest Note
									are focussed upon higher & medium risk premises (SLA14.1 & 14.2 respectively) in accord with risk-rating schemes contained in Statutory Codes of Practice thus protecting consumers' public health and supporting businesses. To date only 11 inspections have fallen within the scope of the indicator and 10 have been undertaken. Access issues with the outstanding premises. We are therefore confident of delivering our target.
SLA_014.2	Inspection of premises in accordance with statutory code of practice (Medium Risk)	<b>Aim to Maximise</b>	100.00%	<b>91.49%</b>				100%	<b>How are we doing/Moving Forward?</b> Inspections of <b>medium risk premises: Food hygiene, health and safety and PPC (environmental permits)</b> . Resources are focussed upon higher & medium risk premises (SLA14.1 & 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 same period last year. The slight shortfall is easily manageable. The re- allocation of officer workloads continue to get the figure back on track. We are therefore confident of delivering our target.
SLA_015	% Response to Environmental Health enquiries and complaints	<b>Aim to Maximise</b>	100.00%	<b>100.00%</b>				100%	<b>How are we doing/Moving Forward?</b> 100% - 10 out of 10 food and safety complaints responded within target to date. Comparing figures for complaints received for the same period last year (8 complaints). This is a reactive service and so it is difficult to predict future levels of demand on the service. Sub regional target is 95% through North

Code	Short Name	Direction of Travel	Current Target	Current Value	Short Term Trend Arrow	Long Term Trend Arrow	Traffic Light	Quarter 1 2013-2014 Performance	Latest Note
									Yorkshire Quality Management System (ISO accredited). Environmental Health business area has maintained high performance by continuing the working 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	<b>Aim to Maximise</b>	70.00%	<b>100.00%</b>	▬	▬	🟢	100%	<p><b>How are we doing/Moving Forward?</b></p> <p>High risk enforcement issues are defined as those requiring action due to statutory functions and/or duties placed upon Selby District Council.</p> <p>The enforcement team has achieved a 100 % resolution rate for high risk enforcement cases for the period 01 Apr 2014 – 30 June 2014.</p> <p>In addition to active caseloads the Enforcement team have resolved (cases closed 1 Apr – 30 June 2013) 55 High Risk Enforcement Cases 165 Medium/low Risk Enforcement Cases.</p> <p>There have been a number of relatively high-profile successful prosecutions concerning fraud, food safety, licensing and health &amp; safety. The food safety case resulted in the prohibition of an individual from operating a food business and £20,000 fine which is one of the more significant penalties available. The outcome of these actions is intended to be deterrent to minimise fraud or non-compliance with legal requirements &amp; ensure the protection of public food &amp;</p>

Code	Short Name	Direction of Travel	Current Target	Current Value	Short Term Trend Arrow	Long Term Trend Arrow	Traffic Light	Quarter 1 2013-2014 Performance	Latest Note
									health & safety respectively.
SLA_018	% of new benefit claims and changes processed within 5 days upon receipt of complete application	<b>Aim to Maximise</b>	90.00%	<b>90.63%</b>	↓	↑	🟢	90.11%	<b>How are we doing/Moving Forward?</b> Current performance is on target however, it is anticipated that performance will reduce to amber in July 2014 due to current demand. Therefore, additional resources have been deployed in Benefits & Taxation and we anticipate achievement of target (green) in quarter two.
SLA_019	% of Council Tax debt recovered	<b>Aim to Maximise</b>	24.53% profiled	<b>34.40%</b>	↑	↑	🟢	21.86%	<b>How are we doing/Moving Forward?</b> We continue to have a very good collection rate, well ahead of target. In comparison June 11 collection rate was 30.56% and June 12 was 30.48%.  Due to the introduction of 12 monthly payment options we will continue to monitor and review the profiling.
SLA_020	% of Council Rent debt recovered	<b>Aim to Maximise</b>	86.80% profiled	<b>92.22%</b>	↑	↓	🟢	92.51%	<b>How are we doing/Moving Forward?</b> Current performance exceeds profile for quarter 1, a trend which we have seen in previous years. We will continue to monitor and review the profiling and therefore we are confident of delivering our target.
SLA_021	% of applications considered within time under scheme of delegation	<b>Aim to Maximise</b>	80.00%	<b>87.32%</b>	↓	↓	🟢	90.32%	<b>How are we doing/Moving Forward?</b> Performance for the month of June experienced a dip. However performance for year to date remains good at 87.23%. The drop in performance relates to 8 applications, half of which are householder or minor applications.

Code	Short Name	Direction of Travel	Current Target	Current Value	Short Term Trend Arrow	Long Term Trend Arrow	Traffic Light	Quarter 1 2013-2014 Performance	Latest Note
									The number of applications received continues to rise since February and will be closely monitored to deliver any potential impact on performance.
SLA_023	% of invoices paid on time	<b>Aim to Maximise</b>	95.00%	<b>92.21%</b>	↓	↓	⚠	95.38%	<b>How are we doing/Moving Forward?</b> Slight drop in performance this month due to processing issues. These have since been resolved with performance expected to improve throughout July 14.
SLA_025	% internal rate of return on commercial assets	<b>Aim to Maximise</b>	1.75% profiled	<b>2.09%</b>	↑	↓	✅	16.27%	<b>How are we doing/Moving Forward?</b> Bus station and Industrial units all under the 1.75% yield target for Q1. Car Parks are about average at 4.01% bringing the overall average up to 2.09%.
SLA_026	Reducing internal costs on non-operational sites	<b>Aim to Maximise</b>	3.00%	<b>-17.10%</b>	↑	↑	✅	8.52%	<b>How are we doing/Moving Forward?</b> Only non-operational assets are Barlby depot and Prospect way depot. Costs have been reduced as much as possible but costs such as NNDR cannot be avoided.
SLA_027	% increase in income generation	<b>Aim to Maximise</b>	0.75% profiled	<b>0.58%</b>	↓	↓	⚠		<b>How are we doing/Moving Forward?</b> Currently 0.17% below the Quarter 1 profiled target, this equates to £1.4k  We are still confident of delivering our target.
SLA_029	% Efficiency and productivity improvements	<b>Aim to Maximise</b>	2.50%	?	?	?	?		<b>How are we doing/Moving Forward?</b> Savings plan being reviewed as part of external review.
SLA_030	% efficiency gain in outsourced services	<b>Aim to Maximise</b>	2.50%	<b>1.97%</b>	↓	↑	⚠	5.87%	<b>How are we doing/Moving Forward?</b> 1.97% achieved to date and annual target of 2.50% expected to be achieved.

Code	Short Name	Direction of Travel	Current Target	Current Value	Short Term Trend Arrow	Long Term Trend Arrow	Traffic Light	Quarter 1 2013-2014 Performance	Latest Note
SLA_031	Capital Programme Delivery	<b>Aim to Maximise</b>	21.25% profiled	<b>32.23%</b>				18.37%	<b>How are we doing/Moving Forward?</b> HRA Performance is good with over 30% of the annual budget spend in the first quarter, this is predominantly due to the Airey redevelopment scheme which totals £1.7m and is due to be complete around September.
SLA_032	Council Tax base	<b>Aim to Maximise</b>	28,089						<b>How are we doing/Moving Forward?</b> Data not available at the time of writing but will be available for the Executive meeting.
SLA_033	Amount of Business Rates Retention Income Achieved	<b>Aim to Maximise</b>	2,189,755						<b>How are we doing/Moving Forward?</b> Currently no data to report as the calculation method has yet to be agreed. Working with Finance though on assessing the suitability of calculation models.
SLA_034	Percentage of Non-domestic Rate debt recovered	<b>Aim to Maximise</b>	24.64% profiled	<b>32.28%</b>				27.35%	<b>How are we doing/Moving Forward?</b> Current performance is exceeding profile target and year to date performance for the previous year and this is attributed to the fact that a significant number of customers chose to pay in 10 monthly instalments as opposed to 12, which the profile is based upon, thus inflating the indicator in quarter 1.

# Selby District Council

## REPORT

Reference: E/14/25

Public – Item 10



**To:** The Executive  
**Date:** 4 September 2014  
**Status:** Key Decision  
**Report Published:** 27 August 2014  
**Author:** Eileen Scothern  
**Executive Member:** Councillor Crane  
**Lead Officer:** Karen Iveson

**Title:** Housing Development Strategy Phase 2 Progress Report

### Summary:

In September 2013 the Council considered a review of 20 Council owned sites and identified five garage sites be taken forward as Phase 1 of the approved Housing Strategy. This Report presents the next review of potential affordable housing development sites in Council ownership, whilst the first review predominately concentrated on garage sites this review has been widened to include other SDC landholdings.

### Recommendations:

- i. **Approve the proposed phasing programme for the Housing Development Strategy as outlined in paragraph 2.9**
- ii **Approve the proposed procurement approach as outlined in paragraphs 3.2.3 - 3.25**

### Reasons for recommendation

The prioritisation of development sites is required to facilitate the delivery of the targets within the Council's Housing Development Strategy.

#### 1.0 Introduction and background

- 1.1 The Council has adopted a Housing Development Strategy with the aim to deliver new build development to provide quality homes which meet modern standards.

- 1.2 A list of potential sites, most in the council's ownership, has been drawn up for appraisal. The initial prioritisation of the sites to be progressed was agreed at Council in 2013.
- 1.3 Through the Programme for Growth discussions, another 22 sites have been identified and considered and while the list of sites is extensive, it is not exhaustive. Other sites will come to light for future consideration as this process gains momentum.

## **2.0 The Report**

- 2.1 Council on 23 September 2013 considered 20 Council owned garage sites and identified the first 5 sites to take forward to feasibility/outline business case they were
- East Acres, Byram
  - Site 3 Westfield Avenue, Eggborough
  - Landing Lane, Riccall
  - Highfield Villas, Sherburn
  - Austerbank View, Tadcaster
- 2.2 After further investigations and a report to Executive in June it was agreed to proceed with Riccall as a standalone site and bring forward additional sites in Eggborough and Bryam. Following a consultation exercise a decision will be required on how many garage sites in Eggborough are developed as part of this programme. This will have an impact on the number of units that can be provided under Phase 1. Tadcaster and Sherburn sites were deferred to a future phase.
- 2.3 From experience, whilst each site identified in September has development potential, following detailed investigation the number of units that can be accommodated on some of the sites have had to be reduced due to legal and/or physical constraints. It is therefore proposed that for future phases there is an inbuilt over capacity included to allow up to a 25% reduction following the conclusion of detailed investigations. In addition Phase 1 sites have provided evidence the garage sites are only financially viable if they are supported by a financial package in terms of a grant and/or cross subsidised with market housing. Whilst the objective for the Council (for the HRA) and the Housing Trust is to maximise affordable housing by applying for grants there might be cases where market housing will provide a more balanced housing market, in addition grants may not be available hence each phase has been designed to have a range of between 34 and 50 units.

- 2.4 As part of a wider review 79 sites have been identified. Of these seven sites are under consideration for Phase 1 of which 5 or 6 are likely to be developed; 39 have been discounted as unsuitable or have been submitted for consideration under the Sites and Policies Plan. The remaining sites have been split into three phases Selby Urban area<sup>1</sup> (9 sites – 47 units); North/Western area<sup>2</sup> (15 sites – 50 units) and Southern area<sup>3</sup> (9 sites – 39 units). The potential of a Phase 5 programme will be subject as to whether sites submitted as part of the Sites and Policies Plan (SaPP) are allocated in the Development Plan as suitable for residential development.
- 2.5 The 2009 Strategic Housing Market Assessment (SHMA 2009) is split into 10 sub-areas; the general conclusion was there is a need of 409 homes per annum across the district. The three proposed phases are not co-terminus with the sub-areas however the best fit shows approximately 12% of the need is in the Southern area; 25% in the North/western area; 18% in the north eastern part of the district and 43% in Selby Urban.
- 2.6 The phasing programme can either be considered using location criteria; housing need or deliverability. All three phases have their merits. For example Selby Urban includes the principal town in the District, however the Selby Urban area has seen the largest contribution of new housing completions (37%) including affordable housing with more planned at Olympia Park and Staynor Hall;
- 2.7 The southern area phase if combined with Eggborough and Byram may give greater flexibility in reducing the number of Eggborough sites to be developed but would delay the Phase 1 programme whilst detailed investigations are carried out on the additional sites. In addition, focussing Phase 2 in the southern area could result in an unbalanced housing market if limited market housing is developed over the same period.
- 2.8 The North/Western area has a greater housing need than the southern area, however all the settlements in this area are “Designated Service Villages” with allocated sites for residential development in the Sites and Policies Plan and expected to provide affordable housing on those sites.
- 2.9 On balance the following phasing is recommended:

---

<sup>1</sup> Urban Area including Barlby, Brayton and Thorpe Willoughby.

<sup>2</sup> North and Western Area includes Hambleton; Sherburn, South Milford, Tadcaster and Ulleskelf)

<sup>3</sup> Southern Area includes Burn; Burton Salmon; Camblesforth; Kellington and Womersley



- Phase 2 - North/western area - due to the high level of affordable need and the relative higher costs of property prices (2008) in Tadcaster (£158K) and Sherburn (£141K) compared to Selby (£116K).
- Phase 3 - Southern area –the majority of the settlements are designated as “secondary villages” and SaPP process will not be allocating any sites in these areas. And
- Phase 4 - Selby Urban –historically the majority of the house building has taken place in this locality and there are large new build developments on site.

2.10 It was anticipated that given the available Council land opportunities the following delivery targets could be achievable.

2013/14	Year 1 2014/15	Year 2 2015/16	Year 3 2016/17	Year 4 2017/18	Year 5 2018/19
Preparation	6	25	25	25	25
Housing Trust created	Tadcaster Pilots Business cases approved for 6 <sup>1</sup> units	Riccall Business Case for 5 <sup>2</sup> units approved Eggborough and Byram sites being assessed with a potential of 19 <sup>3</sup> units	Phase 2 North/Western	Phase 3 Southern	Phase 4 Selby Urban

<sup>1</sup>St Joseph Street Scheme = 3 units however one unit is for sale. <sup>2</sup>Riccall Scheme = 5 units, if no external funding can be drawn down it will only provide 3 affordable units. <sup>3</sup>Assuming 3 sites developed at Eggborough.

2.11 The phasing programme proposed in this report will put the Council in a strong position to facilitate the delivery of 106 houses however the percentage of affordable homes will be subject to successful grant applications to the HCA or through the bidding process for S106 contributions.

### 3.0 Legal/Financial Controls and other Policy matters

#### 3.1 Legal Issues

The title searches have still to be commissioned and the results might impact the number of units that can be accommodated on the sites. If the phasing and packaging of sites as set out in this report is supported, request for title searches will be made and a report including outline business cases will be brought back to the Executive on a phased basis.

## **3.2 Financial Issues**

- 3.2.1 The Riccall scheme has identified that providing affordable homes on brownfield backland requires financial support or cross subsidy. As construction prices are increasing at a higher rate than the rental potential, the funding shortfall will continue to increase. By bundling sites the Council may receive a more competitive package through the tendering process and reduce the levels grant/subsidy required and/or the numbers of properties which may need to be sold to provide a cross-subsidy.
- 3.2.2 Potentially bidding for HCA funding is a realistic option for SDHT and SDC, as under the previous affordable housing programme (AHP) (2011 – 2015) the average subsidy per unit ranged from £22k to £28k (excluding rural premium) and which allowed cross subsidy from S106 contributions. The new AHP (2015-2018) does not permit cross-subsidy from S106 properties/schemes/funding and so it is possible that the average levels of subsidy per unit may increase. Packaging sites in close proximity will not eliminate the high costs of developing small, tight sites with affordable units completely. Such packaging however may make them more attractive to developers and reduce the levels of subsidy/grant sought from the HCA or bid through any future S106 affordable housing commuted sum mechanism.
- 3.2.3 In order to achieve the best value for money and cost control for the Housing Development programme, a procurement workshop was held in June to assess the options which would enable both SDC and SDHT to achieve their desired outcomes from the programme. The workshop was attended by officers from both SDC and SDHT and concluded that a 'Develop and Construct' approach ; a variation of Design and Build where the design is prepared to a level of detail to allow approximate specification to be developed. At the SDHT Board meeting in July where it was agreed that the procurement approach should be assessed development by development but to use this approach as a default option unless an alternative approach would provide increased benefits for a particular development.
- 3.2.4 In order to achieve economies of scale it is proposed to procure the consultants to undertake the design and procure consultants to undertake the design and oversee the technical aspects of the build contract for the whole of phases one, two and three of the Housing Development programme in partnership with Selby and District Housing Trust. This will enable a set of standard specifications to be developed and tested which can then be used by both organisations in their future developments. It is proposed to procure the Architect, Employer's Agent and Clerk of Works for a three-year period (with annual break clauses) in order to build a consistent design team to achieve such a standard specification. Comittment to spend will be subject to approval of individual business cases.

3.2.5 Again, in order to achieve economies of scale it is proposed to procure the building contractor for this development in conjunction with the other developments which make up phase one of the Housing Development programme, in partnership with SDHT. In order to procure a building contractor in line with SDC policies and procedures it is proposed to use the Homes and Communities Agency (HCA) Developer Partner panel framework (North) as the contractors which make up this framework have been assessed as sound in respect of their viability, quality and financial probity by the HCA. Both SDC and SDHT are eligible to use this framework at no cost to either organisation.

#### **4.0 Risk Management**

- a. Ensuring value for money on small brown field developments will be an on-going challenge and procurement will be an important part of the process. Following a procurement workshop a Develop and Construct package is being recommended as the risk diminishes over time and with certainty as estimates have more details.
- b. No investigations have been undertaken on the potential additional sites and this work might discount the sites for affordable housing, by exploring a range of sites of between 34 - 50 units a 25% can be accommodated in the programme.
- c. The costs of developing the majority of the garage sites will require either a grant/subsidy or a bid for funding from commuted sums, to minimise the risk of the sites not providing value for money it is recommended that the sites are packaged into appropriate sized packages
- d. Conflicting opinions and requirements – Conflicting opinions and requirements – proposals will be based upon local needs evidence and where possible we will seek to incorporate the views of residents.

#### **5.0 Conclusion**

5.1 Detailed site investigations have indicated that Phase 1 sites have identified on average a 25% reduction in site capacity either due to physical or legal constraints. To build in flexibility it is recommended that the next three phases are packaged in phases of between 34 and 50 units. It is proposed that the groups of sites are developed in the following order, North/Western; Southern and Selby Urban for the reasons given in paragraph 2.9.

*Contact Officer:*

**Eileen Scothern**  
Business Manager  
Selby District Council

# Selby District Council

## REPORT

Reference: E/14/26

Public – Item 11



**To:** The Executive  
**Date:** 4 September 2014  
**Status:** Non Key Decision  
**Report Published:** 27 August 2014  
**Author:** Rachel Howden  
**Executive Member:** Councillor Mark Crane  
**Lead Officer:** Jonathan Lund

**NOT FOR PUBLICATION.** The Appendix to this Report contains exempt information under paragraph 3 of schedule 12A to the Local Government Act 1972 as amended

**Title:** Leeds City Region Green Deal Contract and ECO scheme

### Summary:

1. Leeds City Council has been engaged by the Leeds City Region (LCR) to lead the procurement of a Green Deal and Energy Company Obligation (ECO) scheme for all Local Authorities within the LCR boundary.
2. Once a contract is awarded a Framework Agreement will run for four years. Each Local Authority in the LCR (excluding Wakefield) will be able to call-off from the Framework immediately. Wakefield have an existing contractual arrangement in place which is due to expire in 2016 at which point Wakefield will review their position.
3. Each Call-Off Contract will run until 2022 with regular performance reviews against KPIs and a break clause after 3 years. The terms of the Framework Agreement are incorporated into each Call-Off Contract, allowing the terms of the Framework to continue for the duration of the Call-Off Contracts.
4. The offer to the bidders is an exclusive endorsement from each Local Authority and the LCR LEP for them to provide energy efficiency and renewable services, including Green Deal and Energy Company Obligation (ECO) services to private households within each LA area.

5. Exclusively means that LCR Authorities shall not approve or advertise the Green Deal or ECO products of any other service provider or utility company and will signpost residents who make enquiries about energy efficiency and renewable products to this scheme. In doing so, the product of the successful bidder is being endorsed as a good quality, value for money offer to citizens.
6. LCR Authorities have the option to use this contract for their social housing, corporate estate and to promote it to Small Medium Enterprises (SME's) but are under no obligation to do so.
7. There is a Contract Management mechanism built in to ensure robust management of the contract, ensuring services are delivered and to generate some income for the Authorities.

### **Recommendations:**

- i. **To note and endorse the participation of the Council in the Leeds City Region Green Deal Project including support for the Framework and commitment to use the Call-Off Contract.**
- ii. **To delegate authority to the Deputy Chief Executive to agree the commercial terms of the Call-Off Contract and sign the Contract.**
- iii. **To note the discussions ongoing with regard to a sub-regional arrangement for implementation and monitoring of the Contract and attending the Home Energy Project Board (HEPB).**

### **Reasons for recommendation**

To ensure that the Council has the necessary authorisations in place to take full advantage of the Green Deal and ECO Scheme, once the procurement exercise is complete, and on appropriate commercial terms.

## **1. Introduction and background**

- 1.1 The project follows on from the DEEP scheme which procured a number of partners through which Local Authorities could provide domestic energy saving schemes based on areas or particular measures. The original DEEP scheme was a success and so Leaders and Chief Executives considered continuing the collective approach by widening the scope of the scheme and changing the focus of measures and installations to take advantage of the new ECO scheme which commenced in 2012. The purpose of the procurement was to establish a long-term partnership with a Provider

to generate 'green' investment in the LCR. The benefits of that investment would be energy saving technologies in residential properties (focussed on the private sector), jobs and skills, and reduction in fuel poverty. Because the procurement value is above EU thresholds an OJEU notice was published on 26 July 2013. Its scope was wide enough for social housing and non-domestic opportunities to be included also.

- 1.2 Leeds City Council (LCC) originally set out as the Anchor Authority with the intention of LCC signing the Framework Agreement to allow the LCR authorities to call-off from the Framework. The WYCA was created on 1<sup>st</sup> April 2014 and has legal status, the OJEU can be amended to allow WYCA to sign the Framework Agreement, transferring the risk from LCC to WYCA. All involved parties are currently undertaking due-diligence in this regard.
- 1.3 This is an unusual procurement in that there is no purchase taking place. Instead, it is a competition to obtain the use of LCR Local Authority branding, controlled access to customer/stock data and marketing channels for the length of the Call-Off Contract which will assist in enabling the successful bidder to discharge their ECO.
- 1.4 The Leader of SDC agreed that SDC should participate in the Leeds City Region Green Deal Contract/procurement at a meeting of the Leaders Board.
- 1.5 ECO places legal obligations on the larger energy suppliers to deliver energy efficiency measures to domestic energy users. It operates alongside the Green Deal which is designed to help people make energy efficiency improvements to buildings by allowing them to pay the costs through savings made on their energy bills rather than upfront. Customers have the option to use other sources of finance to fund measures (personal loans, savings, etc.) They are under no obligation to take out a Green Deal loan. ECO subsidies are provided to householders to install energy efficiency improvements to enable the energy companies to discharge their commitments under the Obligation.

## **2. The Report**

- 2.1 During the procurement process there have been some major changes in Government policy, notably:
  - Significant reduction in ECO
  - Significant increase in cash back incentives (Green Deal Home Improvement Fund)
- 2.2 These changes have changed the likely mix of measures to be installed and have altered the potential value of the contract to

bidders in the short-term. However, these issues have been discussed in detail with the bidders and the potential impacts have been reflected in the procurement process. The latest position regarding contract value and the number and mix of improvements to install is shown in the confidential appendix.

- 2.3 Key Performance Indicators (KPIs) have been developed to manage the performance of the contract with input from specialist officers in each Authority. The KPIs cover five key areas:
- Marketing Activity
  - Customer Satisfaction
  - Economic and Social Impact
  - Information Management/Business Systems
  - Finance.
- 2.4 All of the targets are set at and monitored at a collective LCR level, except the following targets:
- Number of properties where Green Deal Measures and ECO measures have been installed.
  - Number of Green Deal Measures and ECO Measures installed.
- 2.5 This ensures the Contractor is obliged to deliver services from contract award and that services are fairly distributed in each geographical location.
- 2.6 The Management Information that feeds into the collective targets will be broken down by Local Authority area, allowing organisations to understand how the contract is performing in their area. The targets agreed are featured in the confidential Appendix. Ultimately failure to meet any of the KPIs could result in termination of the contract and successful achievement of the KPIs will be a key consideration at break clause.
- 2.7 The procurement is also intended to deliver outcomes in respect of social impact through the creation of job and apprentice opportunities.
- 2.8 Detailed and robust marketing and mobilisation plans have been produced at city region level which will ensure customer take up, and in turn these will feed into the targets set for achieving LCR ambitions in this area.
- 2.9 The procurement team has appointed technical advisors to ensure that a competitive deal is secured for LCR residents. The prices will be fixed for all residents based on a shopping basket that the



Contractor will be committed to guaranteeing (subject to bi-annual benchmarking). This means there will be equality of offer for all residents.

- 2.10 Exclusivity is not being granted for social housing or non-domestic/Small Medium Enterprise (SME) opportunities so that Authorities that have Council housing stock can use the Contract to request pricing for any energy efficiency or renewables projects they would like to consider. This approach means that Authorities can avoid entering into lengthy (and costly) procurements, and deliver local priorities in a timely fashion.
- 2.11 It is also proposed that the LCR Authorities will endorse the Provider's non-domestic/SME proposition on a non-exclusive basis if after receiving advance notification of the offer Authorities feel it represents value for money.
- 2.12 The proposal sets a minimum threshold for an income share of £60k per annum to fund the position of a Contract Manager, with additional fees to be shared among the participating authorities based on revenue.
- 2.13 Locally, discussions have taken place with other North Yorkshire Local Authorities (York CC, Craven DC and Harrogate BC) involved with the LCR Green deal. These discussions are looking at the potential for creating a shared role that will co-ordinate, monitor and deliver the green deal for each Local Authority. At present there are no details on how the successful bidder will manage the scheme locally and this may affect whether the joint North Yorkshire approach is feasible. The aim is for a specialist role that will identify priorities or schemes the Authorities involved would want the Green Deal provider to target and building stronger relationships with local communities/groups. A final decision will need to be made on local delivery and monitoring once details of the successful bidder are known with clarification of the terms of both the Framework Agreement and local call-off and on conclusion of the discussions with the other North Yorkshire Authorities.

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

#### **3.1 Legal Issues**

- 3.1.1 The focus of this initiative directly contributes to the commitments detailed by the Council in their 5 big things outlined in the Council's Corporate Plan 2011 to 2015, these include, changing places, living well and creating a stronger Council.
- 3.1.2 The dialogue process has had a specific workstream for the legal documentation to be developed in conjunction with bidders, the

procurement team, lawyers from each Local Authority and the Combined Authority. Bidders have produced mark-ups of both the Framework Agreement and Call-Off contract. At each stage the mark-ups have been shared with LCR lawyers for comment and amendment for feedback to bidders to enable negotiation of a strong commercial position for all Authorities. Although the process has been labour intensive, it has been necessary to ensure all parties are comfortable with the content of the drafting to allow Contract Award and Signature to happen without incident.

- 3.1.3 The information in the confidential Appendix to this report has been identified as exempt because the Green Deal contract negotiations are confidential due to information in relation to the commercial business position of the bidders and the need to comply with procurement law. The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members may wish to consider the following factors in relation to the public interest; that disclosing the information is likely to prejudice the successful completion of the negotiation and bidding process and undermine the delivery of the project objectives and open the Council and the other Authorities to a risk of legal challenge.
- 3.1.4 There is a risk of a procurement challenge from the successful bidder if any of the LCR Authorities (excluding Wakefield) do not Call-Off from the Framework Agreement at the same time as the Framework is signed. This is because the offer of endorsement has been sold on an 'all-in' basis. Any last minute opt-outs could result in a misrepresentation challenge and bid-costs sought back as damages, or, the Provider may re-price based on the 'new' value of the contract which could lead to prolonged negotiations and a less attractive deal for residents.
- 3.1.5 Equality Impact screening has been undertaken by Leeds City Council as the lead procurement authority and no adverse impacts have been identified.

## **3.2 Financial Issues**

- 3.2.1 All LCR Local Authorities have contributed to the procurement process and due to the complexity of the project the competitive dialogue process was selected.
- 3.2.2 Value for Money – competitive bid process with benchmarking built in as part of the Contract.
- 3.2.3 No future capital spend is envisaged for the Council. The Contract value should generate at least £40 million of new investment into the LCR/LEP over the first three years with potential to generate fee

income for each participating authority (estimated at £5,000 per year).

- 3.2.4 There will be a resource requirement arising from the need to provide local support to the Partner Provider in terms of activity prioritisation, information gathering and marketing. Discussions are ongoing with other local authorities in North Yorkshire to identify the best way to provide this resource and whether this could be done jointly. The fee income could be used to fund a joint North Yorkshire Post as outlined above for the delivery and management of the schemes subject to business case and a final decision on that issue. It is not anticipated that the cost would exceed the expected fee income. If this situation changes a further report would be presented to seek a way forward.

#### **4. Conclusion**

- 4.1 The collaborative procurement of a long-term partnership brings about big benefits for the Leeds City Region and SDC, but also brings with it some challenges. The principles benefits that this contract will bring include:

- Investment made in local homes and businesses, local jobs.
- Gross Value Added growth.
- Reduction in fuel poverty.
- A good quality, Value for Money offer for residents because we have used competitive dialogue to get best deal.
- Ensures standardised measures are available and processes agreed regardless of where residents live or work, there is one quality continuous offer and one point of contact. The joined up approach will also enable all Authorities to respond to future changes in legislation, new funding regimes and new technologies

- 4.2 For the scheme to be a success it is important all Authorities support the Provider to deliver.

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

Contact Details: Rachel Howden rhowden@selby.gov.uk

Appendix confidential, contract value, no & mix of improvements to install