Selby District Council



Agenda

Meeting: **Executive**

Date: Thursday 14 April 2016

Time: **4.00pm**

Venue: **Committee Room**

To: Councillors M Crane (Chair), J Mackman (Vice Chair),

C Lunn, C Metcalfe and D Peart.

1. Apologies for absence

2. Minutes

The Executive is asked to approve the minutes of the meeting held on 3 March 2016 (pages 1 to 6 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.

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. Detailed business case – redevelopment of garage sites at East Acres, Byram; Westfield Grove (Site 1), Eggborough; and Westfield Road (site 2), Eggborough

Report E/15/58 presents the results of the competitive procurement process for the redevelopment of the garage sites in three locations - at East Acres/St Edwards Close, Byram; Westfield Grove (site 1), Eggborough; and Westfield Road (site 2), Eggborough; each for five bungalows for vulnerable people for affordable rent. (Pages 7 to 30 attached).

Appendices A to D to the report are 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

Dates of next meetings
12 May 2016 - Executive 4pm
19 May 2016 – Executive Briefing – 2pm
2 June 2016 - Executive 4pm

For enquiries relating to this agenda please contact Palbinder Mann, Democratic Services Manager on 01757 292207 or pmann@selby.gov.uk.

Recording at Council Meetings

Recording is allowed at Council, committee and sub-committee meetings which are open to the public, subject to:- (i) the recording being conducted with the full knowledge of the Chairman of the meeting; and (ii) compliance

with the Council's protocol on audio/visual recording and photography at meetings, a copy of which is available on request. Anyone wishing to record must contact the Democratic Services Manager using the details above prior to the start of the meeting. Any recording must be conducted openly and not in secret.

Selby District Council



Minutes

Executive

Venue: Committee Room, Civic Centre, Selby

Date: Thursday 3 March 2016

Time: 4pm

Present: Councillors M Crane (Chair), C Lunn, C

Metcalfe and D Peart.

Officers present: Karen Iveson, Executive Director (s151),

Gillian Marshall, Solicitor to the Council,

Caroline Sampson Paver, Commissioning and Performance Officer (Minute Item 97), Tom Ridley, Policy Officer (Minute Item 98), Simon Parkinson, Lead Officer, Community Support (Minute Item 99), Michelle Dinsdale, Senior Policy Officer (Minute Items 100 and 101), Rachel Crossley, Graduate Trainee (Minute Item 100), Chris Watson, Assistant Policy Officer (Minute Item 101), Gary Fielding, Assistant Director Strategic Resources, North Yorkshire County Council (Minute Item 102) and Palbinder Mann, Democratic Services

Manager.

Public: 0 Press: 0

NOTE: Only minute numbers 97 to 102 are subject to call-in arrangements. The deadline for call-in is 5pm on Tuesday 15 March 2016. Decisions not called in may be implemented from Wednesday 16 March 2016.

94. APOLOGIES FOR ABSENCE

Apologies were received from Councillor J Mackman

95. MINUTES

The Executive considered the minutes from the meeting held on 4 February 2016.

RESOLVED:

To approve the minutes of the meeting held on 4 February 2016 for signature by the Chair.

96. DISCLOSURES OF INTEREST

There were no declarations of interest

The Leader of the Council explained that the next meeting of the Executive would now be taking place on Thursday 14 April 2016 instead of the previously scheduled date of Thursday 7 April 2016.

97. PERFORMANCE DELIVERY REPORT, QUARTER 3 – 2015/16

Councillor Crane, Leader of the Council presented the report which provided details of Corporate Plan and Key Performance Indicator delivery following Quarter 3 of the financial year 2015/16.

RESOLVED:

To approve the report.

REASON FOR THE DECISION

The on-going management of performance enables the Council to monitor success in achieving its priorities for 2015/16.

98. SELBY TOWN NEIGHBOURHOOD PLAN DESIGNATION

Councillor Crane, Leader of the Council presented the report which outlined the proposals for Selby Town to be designated as a Neighbourhood Area for the purposes of the Neighbourhood Planning (General) Regulations 2012.

In response to queries regarding the Community Infrastructure Levy (CIL) spending and payments to Parish Councils, the Solicitor to the Council explained that a separate report on this would be brought to a future Executive.

A query was raised regarding the process if the designation was approved. The Solicitor to the Council explained that this was the first stage of the process however there were a number of subsequent steps before a Neighbourhood Plan was approved.

RESOLVED:

To approve the designation of Selby Town as a Neighbourhood Area for the purposes of the Neighbourhood Planning (General) Regulations 2012.

REASON FOR THE DECISION

In accordance with the relevant regulations and to enable the next stages of the development of a Selby Town Neighbourhood Plan to commence.

99. SYRIAN REFUGEE RESETTLEMENT SCHEME IN NORTH YORKSHIRE

Councillor Crane, Leader of the Council, presented the report which updated the Executive on the current position regarding the resettlement of Syrian Refugees in North Yorkshire and recommend adoption of a regional and sub-regional approach to supporting the delivery of the resettlement scheme in Selby district.

A query was raised regarding Migration Yorkshire. The Lead Officer, Community Support explained that Migration Yorkshire had initially been created with the support of eight local authorities. The group was currently located in Leeds and operated out of Leeds City Council. The group assisted in creating local mechanisms and setting up local services for new arrivals.

In response to a query regarding the rights of the refugees, the Lead Officer, Community Support informed the Executive that the refugees would have the same rights as British Citizens and would be able to seek employment along with moving to other areas of the country if they wished.

RESOLVED:

- i) To note the request from the Home Office to all Councils to support the Government's commitment to resettle 20,000 Syrian refugees in the United Kingdom over the next 5 years.
- ii) To agree to support a North Yorkshire wide resettlement scheme. This scheme will enable the resettlement of 200 Syrian refugees

countywide over the next 5 years. This scheme forms part of a wider commitment being made by all Yorkshire Councils to support the resettlement of 1,500 Syrian refugees across the region.

- iii) To agree that the Council's commitment to this scheme shall be in the region of 26 people (estimated to be around 6 families). This figure is a pro-rata proportion of the wider North Yorkshire commitment.
- iv) To give authority to enter into a Memorandum of Understanding with North Yorkshire County Council and the other District Councils concerning this scheme.
- v) To note that the key role of the Council within this scheme shall be facilitating the sourcing suitable accommodation, either in the private rented or social housing sector. Costs associated with this shall be paid for by Government through Vulnerable Persons Resettlement Grant (VPRG).
- vi) To give delegated authority to the Lead Officer Community Support and the Lead Officer Housing to work in partnership with NYCC and
 the other Districts to use Home Office VPRG to
 procure a specialist support provider along with
 other ancillary services that are necessary for the
 smooth resettlement of refugees. Note that NYCC
 shall be the accountable body for the receipt of
 this grant and the procurement of such services.
- vii) To give authority to enter into agreement with Migration Yorkshire to enable overall regional coordination and support.

REASON FOR THE DECISION

To ensure the necessary infrastructure is in place to support North Yorkshire's commitment to deliver the Syrian Vulnerable Persons Relocation Scheme across the county.

100. CORPORATE CHARGING POLICY

Councillor Lunn, Lead Executive Member for Finance and Resources presented the draft Corporate Charging Policy for consideration.

The Lead Executive Member for Finance and Resources explained that there were sufficient safeguards in the policy for the Executive with regard to decision making on charging.

RESOLVED:

- i) To approve the draft Corporate Charging Policy for public consultation.
- ii) To refer the draft policy and revised decision making process to Policy Review Committee for consideration in advance of the draft policy and consultation responses being reported back to Executive.

REASON FOR THE DECISION

To progress the draft Corporate Charging Policy in a way that supports the promotion of efficiency savings and reduction of dependence on Government Grants through the approach outlined in the draft policy.

101. CORPORATE ENFORCEMENT POLICY

Councillor Peart, Lead Executive Member for Housing, Leisure, Health and Culture presented the draft Corporate Enforcement Policy for consideration.

The Executive were informed that there were no changes to the policy following consultation and that the policy would come into force on 1 April 2016.

RESOLVED:

To approve the draft Corporate Enforcement Policy to come into force on 1 April 2016.

REASON FOR THE DECISION

To ensure the policy reflects changes to the regulatory framework and best practice.

102. BETTER TOGETHER FINANCE - KEY DECISION

The Leader of the Council presented the report which set out the results of the review of the current trial to integrate financial

management services as part of the 'Better Together' collaboration with North Yorkshire County Council (NYCC).

The Leader of the Council explained that a trial period under the proposed arrangements had delivered further resilience and had allowed greater support from North Yorkshire County Council. It was also expected that finance staff could have greater opportunities under the new arrangements.

The Assistant Director Strategic Resources, North Yorkshire County Council (NYCC) added that the finance team from Selby had added extra value to the finance team at NYCC and it was hoped the new arrangements would lead to further improvements for the team.

RESOLVED:

- i) With effect from 1 April 2016, formal integration of SDC's financial management service with NYCC's finance service, be approved;
- ii) Subject to an annual saving of £67k, delegated authority be given to the Chief Executive in consultation with the Solicitor to the Council to finalise the terms of the agreement with NYCC;
- iii) The Chief Executive be authorised to transfer the affected employees to North Yorkshire County Council under the Transfer of Undertakings Protection of Employment (TUPE) provisions;
- iv) With effect from the date of the agreement referred to in recommendation ii), Council designate the joint role: Chief Finance Officer (s151) Selby District Council and Assistant Director Strategic Resources, North Yorkshire County Council as the Chief Finance Officer for Selby District Council under the provisions of s151 of the Local Government Act 1972.

REASON FOR THE DECISION

To deliver service resilience and improvement, and cashable efficiencies.

The meeting closed at 4.48pm

Selby District Council

REPORT

Reference: E/15/58

Item 4 - Public

(Appendix A to D Private)



To: The Executive
Date: 14 April 2016
Status: Key Decision
Report Published: 6 April 2016
Author: Sally Rawlings
Executive Member: Cllr Dave Peart

Lead Officer: James Cokeham/Karen Iveson

APPENDICES A – D ARE NOT FOR PUBLICATION. This Report contains exempt information under paragraph 3 of schedule 12A to the Local Government Act 1972 as amended *

Title: Detailed business case – redevelopment of garage sites at East Acres, Byram; Westfield Grove (Site 1), Eggborough; and Westfield Road (site 2), Eggborough

Summary:

This report presents the results of the competitive procurement process for the redevelopment of the garage sites in three locations - at East Acres/St Edwards Close, Byram; Westfield Grove (site 1), Eggborough; and Westfield Road (site 2), Eggborough; each for five bungalows for vulnerable people for affordable rent. The Executive previously received outline business case reports for the redevelopment of each site, on 6 November 2014 and resolved that the detailed business case (including obtaining planning permission and obtaining a contract sum through the procurement process) should be prepared for approval by the Executive. The results of that work are given here.

The procurement process has now concluded following a mini-competition using the Efficiency North New Build Framework (lot 2 – valued up to £2 million). Four tenders were received and evaluated with a winning tender being recommended for acceptance.

The tenders have come in over budget and hence require additional subsidy, and this is detailed in the report and the appendices. Best value issues have been considered and the tender results have been benchmarked against the

Government's procurement data and showing to be just higher than the Government average.

Recommendations:

- i. Executive consider the report and subject to agreement to fund the additional costs of the schemes, approve the final tender
- ii. The Chief Finance Officer in consultation with the Lead Councillor for Finance and Resources is given delegated authority to finance the schemes in accordance with the 'funding hierarchy' set out in paragraph 3.9 of the report to achieve the most beneficial outcomes for Selby District Council.

Reasons for recommendations

• To progress the Affordable Housing Development programme and to allow for the most beneficial funding option given the resources available.

1 Introduction and background

- 1.1 The Council own the garage sites at East Acres, Byram; Westfield Grove (site 1), Eggborough and Westfield Road (site 2), Eggborough which were approved to be brought forward for re-development as part of Phase 1 of the Housing Development programme by the Council at their meeting of 13 September 2013. Subsequently, the Executive approved the packaging together of these sites to form a revised Phase 1 Programme, in order achieve value for money. This scheme is part of the implementation of SDC's Affordable Housing Development Strategy for the district.
- 1.2 Following the approval of the outline business cases in November 2014, consultations continued for all three sites with local residents, the two parish councils and the district councillors, prior to the planning applications being submitted.
- 1.3 The Byram site is used to provide plots which are leased to residents who provide their own pre-fabricated structures on the plot they have leased. The site is currently in the process of being cleared. The business case has included a provision for any costs incurred for removing items left on the site which cannot be recovered from the leaseholders.
- 1.4 The two sites in Eggborough house a total of 20 garages, all of which will be demolished. Any remaining garage tenants have now been relocated to refurbished garages on the Council's adjacent sites at Westfield Avenue or Westfield Close.
- 1.5 NPS Consultants have been appointed to design the properties, undertake site investigations, submit planning applications, prepare tender documentation and oversee the tender process.

1.6 Planning permission for redevelopment of each of these sites was gained in January and February 2016, with each site having permission to be redeveloped for five bungalows as follows:

• East Acres, Byram: 1 x 1b/2p bungalow + 4 x 2b/3p bungalows

Westfield Grove, Eggborough: 5 x 2b/3p bungalows
Westfield Road, Eggborough: 5 x 2b/3p bungalows

- 1.7 All three sites will provide bungalows which would be added to the SDC Housing Revenue Account and age-restricted to residents aged 60 or over unless they have a disability with mobility issues along with a local lettings policy.
- 1.8 The mix of properties was determined by the levels of need (as recorded on Choice Based Lettings) and the numbers and types of Council owned properties each of the villages. In Eggborough the Council owns 1 x 2b/3p bungalow for rent, and 16 x 1b/2p bungalows for rent. In Byram, the council owns 10 x 1b/2p bungalows and 10 x 2b/3p bungalows for rent. It is expected that housing needs for these types of property are under-reported in both villages due to the low level of turnover for these types of properties.

2 The Report

Tender report

- 2.1 Following investigations into the most appropriate new build framework to be used for tendering, with the support of the Council's shared procurement officer, the Efficiency North New Build Framework was used to tender the work. This framework has a 'lot' specifically put together for small (under £2 million) developments using locally based contractors and with the requirement to provide apprenticeship places and training in order to support the local economy.
- 2.2 Tenders were drawn up using a new outcome-based specification for new build properties based on the requirements to achieve building regulations approval. This specification has been designed for use specifically by SDC and SDHT and complies with all of the Council's asset management requirements.
- 2.3 Tenders were invited following receipt of planning permission for all three sites and were returned on Friday 11 March 2016.
- 2.4 Tenders were received from Beaumont Morgan, GS Kelsey, RH Fullwood and Starfish.
- 2.5 Tenders have been evaluated in accordance with the process set out in the tender and the tender reports are included at Appendices A and B.

- 2.6 The tender evaluation criteria were based on a mix of price (80%) and quality (20%). The proposed winning tender achieved an overall score of 96.73%.
- 2.7 Tenders have come in 36% over the budget taken from the benchmarking data provided by NPS.
- 2.8 The most up-to-date benchmarking is included at Appendix C and value for money is considered in paragraph 3.13 below.

Options

- 2.9 **Do not proceed with developing these sites due to the increase in costs from the original budget**. If this option is taken then the whole housing development strategy and its targets would need to be reviewed. Currently five out of the target of 106 properties have been developed. The current deadline to achieve this target is March 2020.
- 2.10 Scale back the programme to meet original financial targets. This option would result in fewer properties being developed over the time period of the programme and the original targets would be missed.
- 2.11 **Provide additional funding to meet the shortfall.** There are three main options and these are covered in the Financial issues section below.
- 3 Legal/Financial Controls and other Policy matters

Legal issues

3.1 This report is exempt from disclosure under the provisions of paragraph 3 of Schedule 12A to the Local Government Act 1972 as it contains information relating to the financial or business affairs of any person including the authority itself. In that respect this report contains the outcomes of a commercial procurement process which is not yet concluded. The Council (in its tender documentation) acknowledged the confidential nature of the information supplied. There is significant public interest in the requirements to comply with the undertakings against disclosure given in the invitation to tender, the Contract Procedure Rules of the Council and in procurement law to outweigh the public interest in disclosing the information.

Financial issues

- 3.2 The outline business case for phase 1 of the HRA development scheme was presented to Executive on 6 November 2014. Modelling of these schemes for 15 properties based on data available and professional advice gave an assumed total cost of £1.419m.
- 3.3 The comparison between the outline business cases and the tender return costs is shown below:

	Outline Business Case		
		costs	between OBC & Tender
	£	£	£
Capital Costs	1,418,594	1,937,894	519,300
Financed By:-			
Borrowing	(1,418,594)	(1,510,661)	(92,067)
Retained Capital Receipt	-	(76,117)	(76,117)
S106 subsidy	-	(351,116)	(351,116)

- 3.4 The table above shows that an additional £92.1k borrowing is assumed over the lifetime of the loan when compared to the outline business case. In addition, subsidy in the form of S106 receipts and capital receipts are also now required.
- 3.5 The voluntary HRA MRP annual contribution to meet the cost of borrowing of £50.4k has already been factored in to the HRA annual budget. In addition, lower interest rates are now available when compared to November 2014 when the outline business case was approved. This borrowing level still falls within the constraints of the maximum £5.3m available to borrow before reaching the Council's debt cap.
- 3.6 It was assumed that rents generated from this phase would 'pay back' the capital outlay over a period of just over 30 years. This initial outlay would be funded from internal borrowing using the cash the council currently has invested. The impact of the loss of investment income would be lower than that required to repay any external PWLB borrowing.
- 3.7 The financial appraisal models have been updated to reflect changes in national rent policy from 2016/17 (further detail was provided to the Executive on 7 January 2016 setting out the impact on the HRA of a 1% rent reduction year on year for four years) and this has a negative impact on the period of payback for these schemes.
- 3.8 The tender return costs for the building contract are detailed in Appendices A and B, and show that the scheme is approximately 36% over budget reflecting

- the increase in construction industry costs as a result in the increase in demand for new build properties and consequential limited supply of labour and materials.
- 3.9 In order for this phase to meet a 30 year 'payback', subsidies will be required to meet the funding shortfall options include:
 - Undertake additional borrowing. This option would be the most costly
 option and has been used in the financial modelling for the outline business
 cases. It is proposed to use this option combined with the option to utilise
 receipts to fund these developments and achieve a 30 year payback.
 - Utilise capital and S106 receipts to subsidise the development programme. This approach was approved in principle by the Council's Executive in November 2015.
 - **Draw down reserves**. The HRA capital reserves are required to meet the planned and major repair programmes for the Council's existing housing stock, hence it is not proposed to utilise this option.
- 3.10 It is proposed that the first call on funding after internal borrowing (highlighted in paragraph 3.4 above) would be capital receipts retained for 'one for one' development from right to buy sales. Financing from such sale proceeds must not form more than 30% of the development scheme and must be utilised within 3 years of receipt otherwise it will be payable to Government at 4% above base rate. The first amount payable to Government would fall during the 3rd quarter of 2017/18. At this moment only £76k has been retained for this purpose and therefore all of this can be used within the timescales on this phase. Further receipts may be generated as more properties are sold although sales have dropped during 2015/16.
- 3.11 It is proposed that the second funding option will be to use any S106 affordable housing commuted sums which are received by the Council. The Executive approved the use of S106 receipts for the Council's affordable homes development programme, up to a maximum of £50k/unit. The majority of this receipt is anticipated for the Redrow/Persimmon and Macgay Wayne developments in Sherburn in Elmet and the first tranche of this receipt (£609k) is expected around May/June 2016. The maximum subsidy required for this phase after utilisation of the retained right to buy receipts would be £351.2k (i.e. an average of £23.4k per unit).
- 3.12 Provision has been made within the capital programme for up to £5.3 million of borrowing to fund HRA housing development schemes, which is the maximum amount that the Council can borrow up to its HRA debt cap. The Council could use more of its borrowing allowance to fund the schemes but this would extend the payback period (up to 38 years at the maximum required for these

- schemes). Whilst this is a reasonable option and may be appropriate in the future if cash receipts are not available, at this time it could potentially leave S106 receipts and/or retained Right to Buy receipts unspent and at risk of repayment, therefore additional borrowing is not recommended. However, this will be reviewed in light of the cash receipts available at the end of the financial year and it is proposed that the Chief Finance Officer will apply the most appropriate funding package to maximise the benefits to the Council.
- 3.13 It is not anticipated that HRA reserves will be required to meet the costs of this development. These reserves required to meet the programmed costs of capital maintenance and enhancement of our stock along with any other emerging issues.
- 3.14 If the schemes do not proceed then abortive costs will have been incurred: £68,512 (consultants' fees for their work to date) and £5,775 in planning application fees, giving a total of £74,287. A total of £75,000 was approved by the Executive at outline business case stage to cover these costs.

Value for money

- 3.15 Four tenders were returned as a result of a mini-competition within the framework lot. Three of the tender values were within 1% of each other on price, thus demonstrating that a competitive result has been achieved.
- 3.16 All three sites have constrained accesses and are potentially difficult to develop and comprise low numbers of units all of which provide a challenging scenario when trying to achieve value for money

4 Impact Assessment

4.1 A short term nuisance to those residents who adjoin the site may be caused by undertaking these works. These will be mitigated by good communications between the main contractor and residents. The main contractor is also required to achieve equivalent standards to those of the 'considerate contractors' scheme'.

5 Conclusion

- 5.1 This scheme will help deliver the target (set out in the SDC Housing Development Strategy) of developing the affordable homes programme over five years. As this is for vulnerable and older people, it will increase the Council's HRA housing stock.
- 5.2 Whilst these developments are over budget it is recommended to continue with them as they are only slightly over the Government's benchmark data and can

be subsidised through right to buy receipts and/or S106 receipts in order to provide much needed affordable housing for the district.

6 Background Documents

The following documents provide background to this proposal:

- Selby District Council Housing Development Strategy report to Council 10
 September 2013 (pp 115
 - 122) http://www.selby.gov.uk/upload/Council_Agenda_10.9.13_PUBLIC.pdf
- Selby District Council Housing Development Sites report to Council 10
 September 2013 (pp 84
 - 114) http://www.selby.gov.uk/upload/Council_Agenda_10.9.13_PUBLIC.pdf
- Housing Development Strategy Phase 1 progress report report to Executive 5
 June 2014 (pp 6 10) http://www.selby.gov.uk/upload/Exec_Agenda_5.6.14.pdf
- Outline business cases Phase 1 Housing development programme report to Executive 6 November 2014 (pp 566 – 595) http://www.selby.gov.uk/all-committee-meetings/71?page=1
- S106 Affordable Housing Commuted Sum Allocation report to Executive 5
 November 2015 (pp 41 46) http://www.selby.gov.uk/executive-05-november-2015

Contact Officer:

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Appendices:

APPENDIX A - Efficiency North tender report

APPENDIX B - NPS - Financial report

APPENDIX C - Benchmarking comparison

APPENDIX D - Comparison table – outline with detailed business case

APPENDIX E - 30 Year payback profile

APPENDIX E - 30 Year payback profile

	Output	Benchmark	Test	Pass/Fail
30 Year Net				
Present Value (£)	£4.65	0	Output>Benchmark	PASS
60 Year Net				
Present Value (£)	£1,267,960.39	0	Output>Benchmark	PASS
Payback Year	30	30	Output <benchmark< td=""><td>PASS</td></benchmark<>	PASS
30 Year IRR%	3.61%	3.61%	Output>Benchmark	PASS
60 Year IRR%	6.24%	3.61%	Output>Benchmark	PASS



