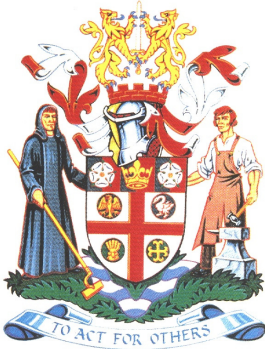


Selby District Council



Agenda

Meeting: **Executive**
Date: **Thursday 2 November 2017**
Time: **4.00pm**
Venue: **Committee Room**
To: **Councillors M Crane (Chair), J Mackman (Vice Chair),
C Lunn, C Metcalfe and R Musgrave**

1. **Apologies for absence**

2. **Minutes**

The Executive is asked to approve the minutes of the meeting held on 12 October 2017 (pages 3 to 8 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. Car Park Strategy and Tariff Review

Report E/17/31 provides details of the revised option for the Car Park Strategy and Tariff Review and its projected financial implications following the debate at Council, initial decision and the call in (pages 9 to 62 attached).

5. Business Case for the Merger of Veritau and North Yorkshire

Report E/17/32 sets out the business case for the merger of Veritau Ltd and Veritau North Yorkshire (pages 63 to 78 attached).

6. Financial Results and Budget Exceptions Report to 30 September 2017

Report E/17/33 outlines financial results and budget exceptions for Quarter 2, up to 30 September 2017 (pages 79 to 98 attached).

7. Treasury Management – Monitoring Report for Q2

Report E/17/34 provides details of the Council's Treasury Management Activity for the 6 month period 1 April 2017 to 30 September 2017 and presents performance against the Prudential Indicators (pages 99 to 106 attached).

**Janet Waggott
Chief Executive**

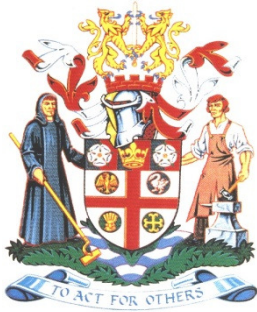
Dates of next meetings
Thursday 7 December 2017
Thursday 4 January 2018
Thursday 1 February 2017

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 12 October 2017
Time:	4pm
Present:	Councillors M Crane (Chair), J Mackman, C Lunn, C Metcalfe and R Musgrave
Officers present:	Janet Waggott, Chief Executive, Dave Caulfield, Director of Economic Regeneration and Place, Karen Iveson, Chief Finance Officer (s151), Gillian Marshall, Solicitor to the Council, Mike James, Communications and Marketing Manager, Keith Cadman, Head of Commissioning, Contracts and Procurement (for minute items 45 and 46), Michelle Dinsdale, Senior Policy and Performance Officer (for minute item 44), June Rothwell, Head of Operational Services, Tammy Fox, Taxation, Benefits and Debt Team Leader (for minute item 47) and Victoria Foreman, Democratic Services Officer.
Also present:	Chris Derbyshire and Geoff Gorse, Inspiring Healthy Lifestyles (for minute item 45)
Public:	0
Press:	1

NOTE: Only minute numbers 44 to 47 are subject to call-in arrangements. The deadline for call-in is 5pm on Tuesday 24 October 2017. Decisions not called in may be implemented from Wednesday 25 October 2017.

41. APOLOGIES FOR ABSENCE

There were no apologies for absence.

42. MINUTES

The Executive considered the minutes of the meeting held on 7 September 2017 and the special meeting held on 19 September 2017.

It was noted and agreed that in the minutes of the meeting held on 7 September 2017, at minute item 31, resolution iv), the word 'to' before '...prior to the next stage of consultation as part of the plan preparation process' should be removed.

RESOLVED:

To approve the minutes of the meetings held on 7 September and 19 September 2017, for signing by the Chair, subject to the minor amendment detailed above.

43. DISCLOSURES OF INTEREST

There were no disclosures of interest.

44. SELBY DISTRICT COUNCIL EQUALITY OBJECTIVES 2017-2020

Councillor Metcalfe, Executive Lead Member for Communities and Economic Development, introduced the report that asked the Executive to note the progress made against the Equality Objectives, and approve the proposed new Equality Objectives and supporting Action Plan.

It was explained that as a public body the Council was required under the Equality Act 2010 Public Sector Equality Duty (PSED) to publish one or more Equality Objectives at least every four years.

It was noted that the Council's Chief Executive, Janet Waggott, would be the Equality Champion at Selby District Council.

The Executive discussed the proposals and noted that progress on the objectives would be monitored, and reported on annually.

RESOLVED:

Executive
12 October 2017

- i. **To note the progress made against the Equality Objectives.**
- ii. **To approve the new Equality Objectives and supporting Action Plan.**

REASON FOR THE DECISION

To ensure compliance with the Equality Act 2010 Public Sector Equality Duty.

45. LEISURE CONTRACT ANNUAL REVIEW APRIL 2016 – MARCH 2017

Councillor Musgrave, Executive Lead Member for Housing, Leisure, Health and Culture presented the report that asked the Executive to note the key findings of the report and in particular the performance of Inspiring Healthy Lifestyles (IHL) to date.

It was explained that the report was the seventh formal annual review of the Leisure Contract with IHL and covered the period April 2016 to March 2017. It was noted that the year was the second full year of the extended 15 year contract following the opening of Selby Leisure Centre in March 2015.

The Executive was pleased with the performance of both the Tadcaster and Selby Leisure Centres, and noted that footfall had increased year on year since 2015/16. However, it was felt that marketing and publicity could be looked at again in order to encourage wider use of the centres, including greater participation from more schools in the Learn to Swim Programme.

Officers advised that they could provide data on where leisure centre members lived, in order to give a clearer picture of how widespread the use of the facilities was in both the Selby District and further afield.

Councillor Musgrave also announced that Park Run would be launching in the District in December which would be positive for the District as the event had proved very popular around the rest of the country.

RESOLVED:

To note the key findings of the report and in particular the performance of IHL to date.

REASON FOR THE DECISION

Executive
12 October 2017

To recognise the work IHL has done in delivering the leisure services offer across the Selby District and delivering key aspects of the corporate plan.

46. REVIEW OF PARK BYELAWS

Councillor Musgrave, Executive Lead Member for Housing, Leisure, Health and Culture introduced the report that asked the Executive to give approval to apply to the Secretary of State to adopt a new set of byelaws for parks and open spaces, to publicise the proposed new byelaws if the application to the Secretary of State was successful, and to revoke existing byelaws adopted by the Council in 1899 upon the new byelaws coming into effect.

It was explained that on 6 October 2016 the Executive had been asked to approve an application for the Secretary of State for approval to adopt a new set of byelaws for parks and open spaces. The application had been unsuccessful, and following minor amendments to the proposals and a further public consultation, approval was again sought to make a second application.

The Executive discussed the report and noted that the proposed byelaws were the standard set recommended by the Department for Communities and Local Government.

RESOLVED:

- i) To give approval to apply to the Secretary of State for approval to adopt a new set of byelaws for parks and open spaces.**
- ii) To publicise the proposed new byelaws if their application to the Secretary of State is successful.**
- iii) To revoke the existing byelaws adopted by the Council in 1899, upon the new byelaws coming into effect.**

REASON FOR THE DECISION

To ensure that the correct procedure is followed for the revocation of the current byelaws and the adoption of new byelaws, and to ensure that the Council's byelaws are fit for purpose.

47. BUSINESS RATES DISCRETIONARY RATE RELIEF POLICY

Executive
12 October 2017

Councillor Lunn, Executive Lead Member for Finance and Resources introduced the report that asked the Executive to approve the proposed option one for the discretionary rate relief scheme for 2017/18 and 2018/19, and to approve the new Discretionary Rate Relief Policy.

It was explained that the new Discretionary Business Rate Relief Policy reflected the changes that had been introduced in the Spring Budget announcement, and following consultation with the major preceptors on the discretionary relief scheme.

The Executive were informed that out of the three possible options, the recommended option one was felt to be the most appropriate for the District.

The Executive discussed the report and noted that so far, 60 pubs had applied for the £1,000 discount. It was noted that small businesses were encouraged apply for the rate relief as it could not be automatically applied and reminders had been sent out by the Council to ensure businesses were aware of this fact. Executive Members felt it was important to show that the Council was behind small businesses across the District.

It was stated that there had been encouraging levels of publicity in the local press about the scheme, including a front page article in the Selby Times.

RESOLVED:

- i. To approve the proposed option one for the discretionary rate relief scheme for 2017/18 and 2019/19.**
- ii. To approve the new Discretionary Rate Relief Policy.**

REASON FOR THE DECISION

To agree option one for the local discretionary business rates relief scheme, an award of 12.5% in discretionary rate relief to all the identified properties with a rateable value under £200,000 who have had an increase above 12.5% in net liability, and an amended Discretionary Rate Relief Policy that incorporates the changes.

The meeting closed 4.34pm.

Executive
12 October 2017

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Selby District Council

EXECUTIVE REPORT

Reference: E/17/31

Item 4 - Public



To: The Executive
Date: 2 November 2017
Status: Key Decision
Report Published: 25 October 2017
Author: June Rothwell, Head of Operational Services and
James Cokeham, Head of Economic Development
and Regeneration
Executive Member: Cllr Chris Metcalfe, Lead Executive Member for
Communities and Economic Development
Cllr Cliff Lunn, Lead Executive Member for Finance
and Resources
Lead Officer: Dave Caulfield, Director of Economic Regeneration
and Place
Julie Slatter, Director of Corporate Services and
Commissioning

Title: Car Park Strategy and Tariff Review

Summary:

On 19 September 2017 the Executive resolved to approve a draft Car Park Strategy (CPS) and a preferred tariff following a debate by Full Council immediately prior to the meeting of the Executive.

This decision was subsequently called in by Councillors Mrs S Duckett, Mrs W Nichols, Mr B Packham, Mrs J Shaw-Wright and Mr P Welch to be considered by the Scrutiny Committee on 17 October 2017. The Scrutiny Committee resolved that the decision be referred back to Executive for re-consideration.

This report sets out the revised option and its projected financial implications following the debate at Council, the initial decision and the call in.

Recommendations:

- i. That Executive notes and considers the resolutions rising out of the meeting of the Scrutiny Committee on 17 October 2017.**
- ii. That Executive approves the draft Car Park Strategy.**
- iii. That Executive considers the supporting financial information and costings for the tariff options set out in the report and approves a preferred tariff option for statutory consultation. To delegate authority to the Director of Corporate Services & Commissioning in consultation with the Solicitor to the Council and Executive Lead Member for Communities and Economic Development to finalise the terms of this decision following statutory consultation.**
- iv. The Executive approves officers exploring the possibility of a reduced-rate parking permit scheme for those residents living adjacent to car parks and impacted by charging.**
- v. That the impact of the revised tariffs be monitored for a trial period of 6-12 months and a report be brought back to Executive in due course on the operation of the new arrangements.**

Reasons for recommendations

1. To achieve the objective to use the Council's car parks as a platform to boost the local economies of the district by improving the customer experience, whilst supporting the Council's efficiency.
2. To ensure that car park tariffs enable the Council to cover the cost of car park provision.
3. To enable the Council to influence customer behaviour, attracting more users to under used car parks and assisting town centre footfall.
4. To achieve the Council's corporate priority of delivering great value.
5. To facilitate a programme of improvements to the car parks.

1. Introduction and background

- 1.1 The Executive considered the draft CPS (Appendix A) and a suite of appraised tariff options at their meeting on 3 August 2017 (shown in the below table).

	Length of Stay (Up to)	Option 1 (Current)	Option 2 (Original)	Option 3	Option 4	Option 5
Selby Long Stay	1 Hr	£1.20	£1.50	Free	Free	£1.20
	2 Hrs	£1.20	£1.50	£1.20	Free	£1.20
	3 Hrs	£1.20	£1.50	£1.20	£1.20	£1.20
	All Day	£3.00	£3.00	£3.00	£3.00	£3.00
Selby Short Stay	1 Hr	£0.50	Free	Free	Free	£0.50
	2 Hrs	£1.00	£1.00	£1.00	Free	£1.00
	All day	£5.40	£5.40	£5.40	£5.40	£5.40
Tadcaster	1 Hr	n/a	Free	Free	Free	£1.20
	2 Hrs	n/a	£1.00	£1.20	Free	£1.20
	3 Hrs	n/a	£1.00	£1.20	£1.20	£1.20
	All Day	n/a	£3.00	£3.00	£3.00	£3.00

- 1.2 The Executive endorsed the draft CPS and option 2 as the preferred option. Given the impact of the CPS and decisions on tariffs the Executive invited Council to consider the draft CPS and preferred option alongside the alternative options at a meeting of Full Council before a final decision being reached by the Executive.
- 1.3 Following this meeting and before the debate at Full Council which took place on 19 September 2017 a number of representations were received by the Council which suggested that the preferred tariff was too onerous for the fragile economy of Tadcaster to take at this time following the impact of the damage to the bridge. Several of these representations also commented that Tadcaster has a number of residential properties adjacent to Central Area car park which do not have any off or on street parking provision. This was cited as an issue which the Council would need to address should any parking charges be introduced in Tadcaster.
- 1.4 As a result of these representations, the Executive Member for Communities and Economic Development (“the Executive Member”) asked officers to model and advise on the financial implications of amending the preferred tariff to include an additional hour of free parking in Tadcaster.
- 1.5 When presenting the report to Full Council on 19 September and in the light of the revised financial modelling, the Executive Member verbally proposed an amended recommendation to endorse the preferred tariff with an additional hour in Tadcaster. The Executive Member advised Council that the impact on income would be relatively minor – a figure of £10k on the best case scenario was stated.

- 1.6 It was also proposed that officers explore the possibility of a reduced-rate parking permit scheme for those residents living adjacent to car parks and impacted by charging. Upon this being put to the vote the motion was carried.
- 1.7 At a special meeting of the Executive which took place at 8pm immediately following the meeting of the Council, the following was resolved:
- i) To note and consider the relevant resolutions rising out of the meeting of the Full Council on 19 September 2017.
 - ii) To approve the draft Car Park Strategy.
 - iii) To approve the preferred tariff option (Option 2), subject to the inclusion of two free hours parking in Tadcaster, and that officers explore the possibility of a reduced-rate parking permit scheme for those residents living adjacent to car parks and impacted by charging.
- 1.8 Following this decision and exercising powers granted in the Council's Constitution a Call in request was received from Councillors Mrs S Duckett, Mrs W Nichols, Mr B Packham, Mrs J Shaw-Wright and Mr P Welch. The request asked the Scrutiny Committee to consider the decision of Executive for the following reasons:
- All the relevant matters have not been fully taken into account in reaching a decision (Article 13.1 (b))
 - The decision was not clear in terms of its aims and desired outcomes (Article 13.1 (i)).
- 1.9 The Scrutiny Committee met to discuss the call-in of the decision on 17 October and resolved the following (draft minutes can be found at Appendix B):
- To refer the decision back to the Executive for reconsideration for the following reasons:
- i) The decision of the Executive had been taken without the full financial information and costings being presented to all Members at the Council meeting;
 - ii) The modelling information relating to the impact of not having two hours free parking in Selby, as well as an increase in tariffs in the town, was not fully taken into account;
 - iii) There were concerns regarding the increase in parking charges in Selby town from £1.20 to £1.50 and the potential impact on the local economy;
 - iv) There were concerns regarding scheme piloting and enforcement;

- v) Press releases had been published prior to the expiry of the five day call-in period that is required following an Executive decision; and
- vi) The decision was taken in five minutes at a meeting of the Executive convened immediately after the Council meeting.

2. The Report

2.1 The revised preferred option (Option 2) as approved by Executive on 19 September 2017 is set out highlighted in the below suite of options. These are the revised suite of options which were considered by the Executive at the Executive meeting on 19 September 2017.

	Length of Stay (Up to)	Option 1 (Current)	Option 2 (revised)	Option 3	Option 4	Option 5
Selby Long Stay	1 Hr	£1.20	£1.50	Free	Free	£1.20
	2 Hrs	£1.20	£1.50	£1.20	Free	£1.20
	3 Hrs	£1.20	£1.50	£1.20	£1.20	£1.20
	All Day	£3.00	£3.00	£3.00	£3.00	£3.00
Selby Short Stay	1 Hr	£0.50	Free	Free	Free	£0.50
	2 Hrs	£1.00	£1.00	£1.00	Free	£1.00
	All day	£5.40	£5.40	£5.40	£5.40	£5.40
Tadcaster	1 Hr	n/a	Free	Free	Free	£1.20
	2 Hrs	n/a	Free	£1.20	Free	£1.20
	3 Hrs	n/a	£1.00	£1.20	£1.20	£1.20
	All Day	n/a	£3.00	£3.00	£3.00	£3.00

2.2 The revised option 2 (2 hours free in Tadcaster) takes into account the fragile economy of Tadcaster and the views of the car parks' customers providing an additional free hour therefore supporting the short stay retail/leisure users and in turn high street shops. It is therefore considered the revised option 2 is better suited to helping the tariff achieve the Car Park Strategy's overriding objective "to use the Council's car parks as a platform to boost the local economies of the District by improving the customer experience".

2.3 The fees for the Council's car parks have not been increased since 2011. The only proposed increase in Selby's fees in the revised option 2 is an increase from £1.20 to £1.50 for the 0-3 hour stay in long stay car parks. This increase brings us in line with the average for CIPFA comparator councils (£1.52), almost half the average price of neighbouring councils (£2.94) and half the price of alternative pay and display 3 hour car parking in Selby (£3). Officers therefore consider there will be minimum impact on the economy.

2.4 The financial projections for this amended suite of options were modelled by officers and provided to the Executive Member. They have been set out in full below for the Executive’s reconsideration. The preferred option has been highlighted.

Current Activity	Best Case Net (loss) / increase in income £	Mid Case Net (loss) / increase in income £	Worst Case Net (loss) / increase in income £
Option 2 (revised)	47,071	4,511	-35,994
Option 3	50,655	0	-48,208
Option 4	-96,891	-141,253	-183,472
Option 5	130,371	63,572	0

2.5 Comparison of the revised options projected financial implications with those of the original options shows minimal impacts. The revised option 2 it is not likely to significantly impact the sustainability of the car park service. The worst case scenario remains the same with only £10,235 projected to be lost from the best case scenario. A full breakdown of the differences between the two suites of tariffs is shown below.

Impact of revised option vs original option.			
Option 2 (revised)	-10,235	-4,991	0
Option 3	0	0	0
Option 4	0	0	0
Option 5	0	0	0

2.6 The impact of an additional hour free in Selby is expected to have an impact of between circa -£100k best case to circa -£180k worst case. Whilst 2 hours free in both Selby and Tadcaster would seem best placed to achieve the draft CPS’s objective, it would not satisfy the strategy’s priority 6 “To ensure full cost recovery”. Losses of this amount are unviable and would not be able to be mitigated. Whereas the revised option 2 remains a self-sufficient option.

2.7 Subject to approval it is the intention that the tariff is trialled as soon as practicable for a period of 6-12 months subject to considering and making the necessary traffic regulations orders and operational/administrative requirements.

2.8 Once a new tariff is in place Enforcement will be reviewed. Priority 4 of the draft CPS is “To enforce car park charges effectively ensuring equity and consistency for customers”. This will require that officers ensure that sufficient, effective enforcement is in place in all Council pay and display car parks in the District. The effectiveness of this enforcement will be measured by published enforcement performance data. Where this data shows that enforcement activity is insufficient or not effective, changes will be made.

- 2.9 Whilst acknowledging Scrutiny Committee's resolution that the Special Executive decision on 19 September 2017 was reached in 5 minutes. It should be noted and considered that this was not the first time that the Executive had considered the tariff options. It does not, therefore, reflect the full context of how the decision was made. A full debate on the original options had taken place on 3 August 2017. A further debate including the revised option had taken place at the meeting of Full Council immediately prior to the meeting of Special Executive on 19 September 2017. During the Special Executive meeting the options that Full Council debated and endorsed were resolved to be approved.
- 2.10 Given the issues highlighted with the media release relating to car parking, officers will take steps to reduce the risk of future incidences:
- Where relevant (i.e. when it relates to Executive and other decisions subject to call-in), all future media releases will reference the 'call-in' period and the implications thereof.
 - We will ensure all relevant news items on the Council's website will reference the 'call-in' period.
 - We will add a note to the 'Committee Meetings' section of the website referencing the call in procedure
 - We will remind local media organisations of the 'call-in' procedure and the implications thereof.
- 2.11 It's important to note, however, that we ultimately have no overall control as to when media organisations decide to publish material or the content of this material.

3.0 Legal/Financial Controls and other Policy matters

Legal Issues

- 3.1 The Road Traffic Regulation Act 1984 gives the Council the power to provide off-street car parking places and to make charges in respect of their use (Sections 32 and 35 respectively). Statutory guidance recommends that changes should be proportionate and not be at unreasonable levels.
- 3.2 For the Council to include Tadcaster car parks within the charging and enforcement regime a new order would be required under Section 35. Any comprehensive changes such as this will require the consent of the County Council, consultation and publication of the proposed Order (for a minimum period of eight weeks). The Council must then consider any objections before making the order. The Council may hold a public enquiry to consider the matter. Realistically, the process is likely to take 3 months to complete. Simple changes to tariffs in existing car parks covered by an order can be made using a variation order which is a shorter process. Changes to designations and other enforcement and use provisions may require amendments to existing orders. These two types of changes can be undertaken alongside the making of the new order.

4. Financial Issues

- 4.1 Priority 6 of the strategy document is to ensure full cost recovery of the car park service. In order to achieve this financial objective, sufficient annual revenue is required to pay for in year costs plus sufficient contributions towards the costs of the capital works programme. Any reduction in net revenues will impact on our ability to resource the works required to deliver an effective service and value for money.
- 4.2 The Council's current income target for car parking is £350k per year. Direct annual running costs are currently circa £150k per year leaving an annual contribution to long term capital costs of £200k per annum. A financial appraisal applying the 'whole life costs' of the car parks shows that the average Internal Rate of Return is 5.2% over a 30 year useful life, which is broadly in line with the Council's Asset Management target. This achieves full cost recovery and therefore covers the annual revenue costs for managing and maintaining the car parks, the capital costs over the useful life of the asset and the 'opportunity' cost of capital invested in this discretionary service. This is consistent with the Corporate Charging Policy Principles. Revenue and capital costs included in the financial appraisal of charges are shown in the table below.

Revenue Costs	Capital Costs
Management Costs	Major ground work and resurfacing
NNDR	Bay markings and other paint
Utilities	Signage
Insurances	Machine Replacement
Reps & Maintenance	Minor resurfacing
Grounds Maintenance	
Enforcement	
Cash Collection	

- 4.3 Consideration of the Council's car park tariffs must also be set in the context of the Council's overall financial position and outlook. The majority of car park costs are not directly linked to the level of activity, and therefore income levels need to be maintained to prevent a shortfall on the Councils revenue budget. The Medium Term Financial Strategy shows a forecast funding gap of £1.779m by 2019/20, and whilst there is a savings plan in place, £1.2m are medium/high risk initiatives. Any reduction in car park income would add to the savings requirement and therefore the need to find further income streams or other service cuts.
- 4.4 The financial impact of options 2 - 5, set out in paragraph 2.1 are set out below and are presented in Best / Mid / Worst case scenario. Option 1 is to maintain the current position and is therefore a cost neutral option.

Current Activity	Best Case Net (loss) / increase in income £	Mid Case Net (loss) / increase in income £	Worst Case Net (loss) / increase in income £
Option 2 (revised)	47,071	4,511	-35,994
Option 3	50,655	0	-48,208
Option 4	-96,891	-141,253	-183,472
Option 5	130,371	63,572	0

‘Best Case’ Scenario –

This is based on the assumption that activity across all car parks will remain the same, and introducing charges in Tadcaster (for the relevant options) will not adversely affect the number of vehicles parked at those sites.

‘Mid Case’ Scenario –

As parking activity in Selby has been very stable for a number of years, it is expected that introducing a free parking offer will result in a similar level of activity outside of the free period provision. It is unknown at this stage what impact a new tariff system will have in Tadcaster, this mid-case estimate allows for current activity to reduce by 51% - this is the rate at which a 1 hour free parking provision in Selby and a 2 hour free parking provision in Tadcaster would break even across Selby and Tadcaster.

‘Worst Case’ Scenario –

This scenario shows the effect of the tariff options if charging in Tadcaster resulted in all vehicles opting to park elsewhere outside of the free period provision. As above, Selby activity remains constant as it is not anticipated that a free parking offer will adversely affect activity outside of the free period.

4.5 From the scenarios above officers suggest that the revised Option 2 is the preferred option as it presents a reasonable balance – achieving a charge across car parks in Selby and Tadcaster to offset an element of free parking. There is a risk however that income levels will suffer and therefore any new tariff scheme should be kept under review. It is apparent that option 4 is not a viable option as the losses in income cannot be mitigated.

4.6 Impact Assessment

Equality Diversity and Community Impact Screenings have been completed in respect of the draft CPS (pre and post consultation) – no negative impacts have been found. The draft CPS and tariff review proposes that those users displaying a valid blue disabled car park badge will continue to be able to park for free.

5. Conclusion

- 5.1 The Executive is asked to reconsider the tariff options, including the financial implications, whilst noting and considering the comments from Scrutiny Committee.

6. Background Documents

3 August 2017 Executive Agenda and Minutes
19 September 2017 Council Agenda and Minutes
19 September 2017 Special Executive Agenda and Minutes
17 October 2017 Scrutiny Committee Agenda
Equality Diversity and Community Impact Screening – Draft Car Park Strategy
Equality Diversity and Community Impact Screening – Proposed Tariffs
Tadcaster and Sherburn Car Park Survey Report (February 2017)
Tadcaster Car Park Survey Report (May 2017)

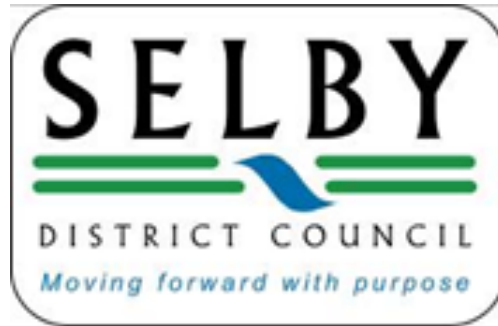
Contact Officers:

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James Cokeham
Head of Economic Development and Regeneration
jcokeham@selby.gov.uk

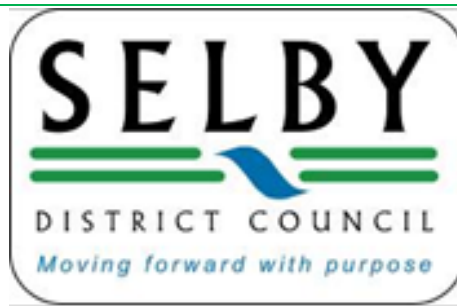
Appendices:

Appendix A - Draft Car Park Strategy
Appendix B 17 - October 2017 Draft Scrutiny Committee Minutes



Car Park Strategy 2017-2020





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Portfolio Holder Statement

I am pleased to introduce the District Council's 2017-2020 Car Park Strategy.

This strategy forms part of a suite of documents which contribute to the delivery of the Council's Corporate Plan 2015-2020 priorities focussing on developing growth and prosperity in the district.

Improving the customers' experience of using our car parks is at the heart of this strategy. When developing this strategy we have considered what influences customers' parking choices and identified the changes which need to be made to our current car park offer in order to ensure customers' expectations are met. By meeting these expectations we are responding to the needs of our local retailers; we are supporting increased use of the town centres and encouraging their economic growth and vitality. This strategy reflects the needs and requirements of all car park users and the wider community as we move forward in these challenging times.



Cllr C Metcalfe
Portfolio Holder for Communities and Economic Development

Executive Summary

The existing car park strategy was last reviewed in 2014, however, since this time a new Corporate Plan has been introduced. The existing strategy focussed primarily on Selby and aimed to encourage turnover in short stay car parks through fees and supported long stay parkers with competitive all day rates. The existing fee structure however, does not align with the new Corporate Plan.

The short stay fees do not complement the private short stay provision in Selby. The short stay provision is provided primarily by supermarkets and a retail park which have a free offer (of at least 2 hours). The fees in our car parks may be displacing users into these free supermarkets to the detriment of those businesses.

Car parks in Sherburn and Tadcaster do not have any restrictions placed on them. This leads to users parking long stay and not supporting local businesses by restricting customer turnover. Ease of parking and availability of spaces are cited as a key consideration of users¹. The unrestricted long stay parking in town centres prevents this.

With this new strategy we are focussed on using the car parks as a tool for growth as part of a number of key documents to support the Corporate Plan. To implement this strategy the Council will ensure that it:

- Understands the main types of town centre user in each of the three principal settlements;
- Recognises the importance of car parks as a gateway to the town by improving their appearance and maintenance;
- Improves signage to the car parks to support tourism and usage (prevent customers navigating away from the town);
- Sets a tariff scheme which supports local businesses or town centre vitality.

In order to ensure the strategy achieves a positive economic impact on town centre businesses and improves the customer experience there will be a 12 month post-implementation review. This review will help us to identify any changes in usage trends and assess the impact of the strategy on town centre vitality.

¹ <http://thegreatbritishhighstreet.co.uk/pdf/GBHS-What-Works.pdf?2> (page 10)

Part 1: Background

1. Introduction

- 1.1. This strategy relates to off-street parking in Council owned car parks in Selby District. The on-street parking is managed by North Yorkshire County Council (NYCC). We have and will continue to work closely with NYCC to identify and mitigate any potential detrimental effect to the Highway Network as a result of this strategy.
- 1.2. This strategy replaces the Council's previous Car Park Strategy from 2013. This new strategy is to run alongside and support our refreshed Corporate Plan (2015-2020), emerging Economic Development Strategy 2016-2020, Core Strategy, Asset Management Strategy 2015-2018 and Corporate Charging Policy. The Policy context is set out in more detail at Appendix A.
- 1.3. The emphasis of this strategy is to use our car parks to fulfil their potential to contribute towards town vitality and enhance the user experience
- 1.4. In line with the Corporate Plan this new approach will make Selby District a great place to:
- **do business:** by increasing the offer of our car parks, customers are encouraged to come to the District for retail and leisure purposes. Thereby supporting local businesses and the vitality of both the day time and night time economies.
 - **enjoy life:** by improving the customer experience, particularly through increasing the convenience of using our car parks. We will encourage short stay shopping and longer stay tourism and leisure, aiding the promotion of culture and health in the District.
 - **make a difference:** by improving access to car parking services, enabling customers to pay electronically and online.
- 1.5. These priorities will be supported by Selby District Council delivering **great value**, ensuring its vision of a council which is customer focused, business like and forward thinking.
- 1.6. The overriding objective of this strategy is:

“To use the Council’s car parks as a platform to boost the local economies of the District by improving the customer experience”

- 1.7. Selby district is rural in nature and is surrounded by larger economies, such as York and Leeds. As a result the district is subject to a lot of out commuting for work, retail and leisure activities (a more detailed district profile can be found at Appendix B). By encouraging local retail use and following the opening of the Summit Indoor Adventure alongside work to improve our culture and visitor offer, we aim to retain some of this retail and leisure market locally boosting town centre vitality.
- 1.8. When developing this strategy a benchmarking exercise was carried out with both our neighbouring authorities and our CIPFA nearest comparative authorities. This found that our neighbours do not designate car parks i.e. no short and long stay car parks and therefore in terms of consistency for our customers we should not.
- 1.9. This benchmarking also showed the majority of our CIPFA comparative authorities are offering a period of free parking to their customers. Given they are similar economies to Selby District's; this would suggest we should explore a different and potentially more supportive tariff structure in our car parks. Detailed information about the benchmarking exercise can be found at Appendix C.

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2. Provision and Demand

- 2.1. This section looks at customer needs and the current car parking provision on offer, both Council and Non-Council. It also assesses the current and future demand across the principal settlements within the District. It will explore each of the individual settlements in turn setting out what provision and demand is currently and what issues and opportunities these present. Identifying our customers and their needs is crucial to the success of this strategy.
- 2.2. There are some characteristics which are shared across all customer types. The British Parking Association commissioned a study into finding the top 10 factors which dictate a driver's choice of car park². This list is as follows:

Ranking	Car Park Factor
1	Location
2	Personal safety
3	Safe environment
4	Tariffs
5	Ease of access
6	No/little queuing
7	Number of spaces
8	Effective surveillance
9	Size of parking space
10	Appropriate lighting

- 2.3. In addition to the top 10, method of payment and cleanliness were also noted as raised considerations. Due to limited resources the Council will need to target investment and improvement into elements that will make the most difference to the customer experience.

² <http://thegreatbritishhighstreet.co.uk/pdf/GBHS-What-Works.pdf?2> (page 10)

Selby

Provision

Council Car Parks			Non Council Car Parks		
Location	Designation	Number of Spaces	Location	Designation	Number of Spaces (approximate)
Audus Street	Short stay	51	Abbey Walk Retail Park	Short stay	292
Back Micklegate	Long stay	198	James Street	Short stay	18
Church Hill	Short stay	8	Morrisons	Short stay	200
Market Cross	Short stay	48	Selby Train Station	Long stay	130
Micklegate	Short stay	52	Station Road	Long Stay	70
Portholme Crescent	Short stay	140	Tesco, Portholme Road	Short stay	200
Portholme Road	Long stay	106	Wetheralls, Abbey Yard	Short stay	31
Selby Leisure Centre	Short stay	130			
South Parade	Short stay	54			
The Park	Short stay	32			
Total		819			941

Council

2.4. There are 10 public Council car parks located in Selby town. As the above table shows, all 10 car parks are designated as either short stay (8) or long stay (2). There are fees for each of these set out in section 4.1. All the car parks are centrally located as can be seen on the map at Appendix D. There is no coach parking provision currently in Selby. The Council shares a car park with Selby War Memorial Hospital at its Civic Centre, this car park will not be considered as part of this strategy.

Private

2.5. There is both long and short stay chargeable provision available privately in Selby, all of which is subject to restrictions. The long stay paid provision is popular with commuters due to its proximity to the train and bus station. There is also short stay parking offered by supermarkets and a central retail park where it is free to park, but restricted by time and to customers only. This private parking and its designation can also be seen on the map at Appendix D.

Demand:

2.6. The following table provides details of current demand and any potential future impacts on the future demand for car parks in Selby, which have been considered when drafting this strategy.

Current	Future
<ul style="list-style-type: none"> • Based on analysis of the most recent income figures and a number of site visits, usage appears to have increased slightly (compared to the 2013 survey figures) • Portholme Crescent and Portholme Road car parks continue to be under performing/have low usage • The most recent car park survey in Selby town was undertaken in October 2013 and showed that overall Selby District Council car parks were at 38% capacity and there is no evidence to suggest there has been a significant change • Currently availability of spaces in Council car parks is not an issue³ • However, we have received reports from businesses and consultation feedback that capacity in the free time limited spaces is at a premium. • From February 2017 the Council has been able to monitor the number and type of tickets sold in each council car park in Selby. This has led to a greater understanding of the type of user and the length of stay our users were expecting to have in the town. The majority of customers are parking short stay (73%) with 54% of those short stay parkers parking up to 2 hours and the remaining 46% parking for just an hour. These levels will continue to be monitored. 	<ul style="list-style-type: none"> • An anticipated increase in demand due to: <ul style="list-style-type: none"> ○ Since the opening of the Summit Indoor Adventure there is potential demand for coach parking; ○ The Core Strategy indicated growth in Selby Town; ○ the popularity of the train station and out commuting⁴; and ○ the development of a Visitor Strategy. • An anticipated shift in demand due to: <ul style="list-style-type: none"> ○ Drivers reconsidering where they choose to park, as a result of more parking fines being issued following the implementation of increased enforcement in a number of the supermarket car parks

Opportunities and Issues:

2.7. The above information, consultation and the District profile has enabled a list of current and future opportunities/issues to be compiled.

³ Based on the Council's latest Survey of Usage (October 2013)

⁴ <http://orr.gov.uk/statistics/published-stats/station-usage-estimates>

Current	Future
<ul style="list-style-type: none"> • Car parks are clustered and users not defined • A need to attract/direct users to car parks located the furthest from the town centre, in particular long stay, to ensure spaces are available in central car parks for appropriate users, e.g. shoppers and visitors/tourists • A need to introduce monitoring of the impact of free parking initiatives e.g. Small Business Saturday and Christmas on car park usage • A need to monitor the impact on car park usage of District/town events e.g. Tour de Yorkshire, annual food festival etc. • A need to facilitate a shift in parking habits (for non-supermarket customers) from supermarket car parks to Council owned car parks to support town centre vitality. • Monitoring the income data also allows the Council to look at the income vs the capacity to ensure that the Council is receiving good value from the asset. • A recurring theme in the consultation responses was the appearance of car parks. It is clear customers want more attractive car parks which make them feel safer and more confident to use them. 	<ul style="list-style-type: none"> • Explore need and if necessary options for coach parking • Explore options for incentives for long stay parkers to move to underused car parks e.g. the introduction of discounted permits for these car parks • Monitor measures aimed to free up spaces in central private car parks for their customers • A desire to work with private providers of car parks in the town to use all car parks for the benefit of the town. • Consideration of the needs of the car park users in relation to required length of stay • Potential links to PLAN Selby regeneration areas and wider master planning work • Consider alternative uses for any car parks which are not providing good value to the Council and the District.

Sherburn- in -Elmet

Provision:

Council Car Parks			Non-Council Car Parks		
Location	Designation	Number of spaces	Location	Designation	Number of spaces
Church View	None	29	Aldi, Low Street	Short	76
Low Street (Elmet Social Club)	None	10	Co-op, Finkle Hill	Short	60
Total		39			136

Council

2.8. There are 2 Council car parks in Sherburn village centre. These two car parks are free to park in and have no restrictions. The car parks are centrally located as can be seen on the map at Appendix D. There is no coach parking provision currently in Sherburn.

Private

2.9. There are a number of private off-street parking options in Sherburn, as can also be seen on the map at Appendix D. These range from supermarket parking to small shop front parking areas. All these free parking offers are restricted to customer use, with some also restricted by time. There is currently no chargeable off street parking provision in Sherburn.

Demand:

2.10. The following table provides details of current demand and any potential future impacts on the future demand for car parks in Sherburn, which have been considered when drafting this strategy.

Current	Future
<ul style="list-style-type: none"> • In the town centre it would appear that demand is not met. This is based on: <ul style="list-style-type: none"> ○ Parish Council information; ○ discussions with District Councillors; ○ the 2015 Market Town Study; and ○ Consultation responses • However, whilst Low Street (Elmet Social 	Future demand anticipated to increase due to: <ul style="list-style-type: none"> ○ the number of new businesses relocating to the industrial estate on the outskirts of the village; ○ the level of on-going and future housing development planned in the village; and ○ the popularity of the train stations and out

<p>Club) Car Park, was often surveyed at being over capacity, Church View was found to be consistently underutilised, which would suggest there is scope for further demand to be met in the town centre</p> <ul style="list-style-type: none"> • Average daily capacity of Church View Car Park is 29.4% full⁵ • Whereas the average daily capacity of Low Street (Elmet Social Club) Car Park is 96.6% full⁶ • There is limited parking at the train stations located on the outskirts of the village towards the industrial estate and South Milford 	<p>commuting⁷</p>
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Opportunities and Issues:

2.11. The above information, consultation and the District profile has enabled a list of current and future opportunities/issues to be compiled.

Current	Future
<ul style="list-style-type: none"> • Lack of signage leading to a lack of awareness of Council car park existence (out of sight of the high street) and the location (a short walk from the high street) • Insufficient provision - it is imperative that the Council looks to promote its car parks in Sherburn to ease the current parking problem in the village and the anticipated future increase in demand 	<ul style="list-style-type: none"> • Explore need and if necessary options for coach parking • There is currently a need for more spaces at the train station for commuters and it is anticipated that this need will become even greater in the long term • Consideration of the needs of the main car park users in relation to the required length of stay • Potential links to PLAN Selby regeneration areas and wider master planning work

⁵ Selby District Council Tadcaster and Sherburn in Elmet Car Park Survey Report, February 2017.

⁶ Selby District Council Tadcaster and Sherburn in Elmet Car Park Survey Report, February 2017.

⁷ <http://orr.gov.uk/statistics/published-stats/station-usage-estimates>

Tadcaster

Provision:

Council Car Parks			Non-Council Car Parks		
Location	Designation	Number of spaces	Location	Designation	Number of spaces
Britannia Street	None	90	Sainsburys, Mill Lane	None	112
Central Area (Chapel Street)	None	154			
Total		244			112

Council

2.12. The Council owns 3 car parks in Tadcaster; however, one is included in the lease for Tadcaster Leisure Centre and will not be considered as part of this strategy. The remaining 2 car parks are set out above (and can be seen on the map at Appendix D).

Private

2.13. There is limited private off-street parking in Tadcaster as can also be seen on the map at Appendix D. This provision, whilst free and unrestricted by time, is restricted to use for customers only e.g. a national supermarket chain, the council's leisure centre and the community swimming pool. There is currently no chargeable off street parking provision in Tadcaster.

Demand:

2.14. The table overleaf provides details of current demand and any potential future impacts on the future demand for car parks in Tadcaster, which have been considered when drafting this strategy.

Current	Future
<ul style="list-style-type: none"> • Shoppers and visitors struggle to find a space in Central Area car park - long stay parkers taking space – based on: <ul style="list-style-type: none"> ○ Observations (Cllrs, officers and local businesses); and ○ the Market Town Study (June 2015) • Car parks popular with long stay parkers with 54% (February 2017⁸) and 48% (May 2017⁹) of spaces occupied by those parking long stay • A survey of use for Central Area Car Park (carried out by Tadcaster and Rural Community Interest Company in March 2015) showed that across an average day the car park was on average at 87% (135 of 154 spaces) capacity and that 115 cars were parking for 4 hours or more. • Whereas, the February 2017 Selby District Council Tadcaster and Sherburn in Elmet Car Park Survey Report found that Central Area Car Park operated at an average of 75% (115.5 of 154 spaces) capacity across the day and that an average of 98.2 cars were parking for 4 hours or more. This change may be attributable to the impact of flooding on the town and the changes in car park provision in the town i.e. the loss of Britannia as a construction site for bridge repairs and the introduction of 2 temporary car parks for the benefit of the town (Tadcaster Albion and Samuel Smith Old Brewery Tadcaster). • The May 2017 survey found an average of 58% (89 of 154 spaces) capacity across the day and an average of 83 cars were parked for 4 hours or more. This drop in usage could be attributed to the reopening of Britannia Car Park and the loss of an employer (with approximately 80 employees) in the town centre. • Britannia Car Park – the May survey found an average of 28% capacity (25 of 90 spaces) across the day and on average 26 vehicles parked for 4 hours or more. • Consultation responses suggest that the 30 green ‘short stay’ spaces introduced in Central Area Car Park as a result of the flood have worked well and users would like to see them continue to be used. 	<p>An anticipated increase due to:</p> <ul style="list-style-type: none"> ○ aspirations of the Economic Development Strategy – i.e. the development of retail and tourism offer in town centre

⁸ Selby District Council Tadcaster and Sherburn in Elmet Car Park Survey Report, February 2017.

⁹ Selby District Council Tadcaster Car Park Survey Report, May 2017.

Opportunities and Issues:

2.15. The above information and the District profile has enabled a list of current and future opportunities/issues to be compiled.

Current	Future
<ul style="list-style-type: none"> • The need to reduce the number of cars which are parked all day in Central Area car park, to free up space for visitors/shoppers • Lack of turnover in car parks leading to visitors/shoppers not visiting due to space availability issues 	<ul style="list-style-type: none"> • Explore need and if necessary options for coach parking • Explore options for regular long stay car park users e.g. traders and workers, alternative provision, which takes into account convenience and affordability • Consideration of the needs of the main car park users in relation to the required length of stay • Potential links to PLAN Selby regeneration areas and wider master planning work

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Part 2: What Are We Going to Change?

3. Overriding Objective

- 3.1. This strategy has been designed to utilise the Council's car parks as a tool for economic growth and town centre vitality. Complementing the free offers provided by anchor retail tenants and improving the car park experience for customers. Ensuring we understand who our customers are, what our customers' needs are and how we can best support them is therefore crucial to the success of this strategy.

“To use the Council's car parks as a platform to boost the local economies of the District by improving the customer experience”

- 3.2. There are a number of elements of the previous Car Park Strategy which do not fully support the overriding objective of this strategy. This strategy acknowledges the need for change and sets out the framework to guide the Council's new approach to car parking provision.
- 3.3. Convenient free parking is offered by supermarkets and a central retail park in Selby. Whilst the Council car parks are free and unrestricted in Sherburn and Tadcaster, this brings its own issues of not encouraging turnover. Sherburn and Tadcaster also have free parking on key anchor retail tenant sites.
- 3.4. Whilst restricted to customers, the free parking private provision in Selby is being utilised by non-customers to visit Selby town centre to the detriment of the businesses. This has been demonstrated to us through consultation with one of the supermarkets and the retail park. Users are taking advantage of the free supermarket and retail park car park offers which could ultimately have a negative impact on the vitality and sustainability of the town centre, potentially placing the on-going presence of these anchor retail tenants at risk.
- 3.5. The current Council car park provision has the potential to do more to promote town centre vitality and sustainability through improvements to the customer experience. There is a need for regular turnover of spaces creating 'churn' to ensure sufficient provision is available for short term use by visitors and shoppers to the town centres. There is scope for the current tariff scheme to better support the vitality of local shops

and the town centre in this way. Through enhancing the customer experience this strategy aims to bring about a shift in parking behaviour, making the Council's car parks the first choice for town centre users.

- 3.6. The introduction of pay and display parking, including a supportive tariff scheme which promotes growth in all Council owned public car parks is therefore paramount to achieving this strategy's over-riding objective.
- 3.7. The improvements to the customer experience, leading to thriving town centres (and therefore improved local economies) are golden threads which run through six key priorities (listed at section 4.1.) which underpin the above objective.
- 3.8. The priorities and supporting actions have been developed to meet this objective. When developing these priorities we have taken into account the requirements of each of the principal settlements, namely: Selby, Sherburn in Elmet and Tadcaster.

4. Priorities

4.1. The evidence and context outlined throughout this document has led to the identification of strategic issues that need to be addressed as part of this strategy. These strategic issues can be summarised into 6 broad priorities:

1. **To meet customer needs with regard to car park provision;**
2. **To establish a fair, sustainable and value for money tariff scheme which supports the use of local facilities by the customers;**
3. **To provide well-maintained car park facilities which meet the needs of customers;**
4. **To enforce car park charges effectively ensuring equity and consistency for customers;**
5. **To maximise use of car parks for the benefit of the local community and local businesses; and**
6. **To ensure full cost recovery within the Car Park Strategy.**

4.2. It should be noted that the priorities are not listed in order of importance and equal weight should be attributed to each priority. These priorities are explained in greater detail overleaf:

Priority 1: To meet customer need with regard to car park provision.

“Parking provision can determine where we choose to live, work, shop and play. Sensible, well thought out parking policy can help build a strong and vibrant economy.”¹⁰

This priority is ensuring parking provision meets the needs of all customers. It takes into account demand both in the short term and the long term, in order to cater for anticipated increased visitor numbers, and housing and employment growth in the District. This growth is expected through projects such as the Summit Indoor Adventure, Olympia Park and the Core Strategy’s growth ambitions generally.

Actions:

1. Identify who are our key customers and the appropriate car parks for them
2. Use signage to direct users to appropriate car parks
3. Monitor usage in car parks on an on-going basis
4. Work with private sector to ensure adequate provision
5. Ensure the specialist needs of customers are met e.g. disabilities, parent and child
6. Ensure adequate motorcycle parking provision
7. Ensure adequate coach parking provision

¹⁰ Federation of Small Businesses ‘Keep Trade Local’ September 2008

Priority 2: To establish a fair, sustainable and value for money tariff scheme which supports the use of local facilities by the customers.

“There is no simple formula that can be given on determining the right kind of tariff to be introduced nationally because every location is exposed to an individual set of dynamics and factors. The only universal answer is that local authorities and other operators must develop a plan for parking provision that faces up to the question, “What and who is our parking for?” and compliments a wider strategy for accessibility that again, fits with a strategy for the town centre or local authority area”¹¹.

This priority is about establishing a tariff scheme that takes account of, and addresses a number of issues which currently exist in the District. It acknowledges the need to set a level of charge which does not deter users from parking in Council car parks.

This priority should ensure the tariff scheme does not displace users from our car parks and into car parks that are not intended for them (e.g. supermarket car parks if not using the supermarket). We want to support those businesses by moving people into our car parks allowing their customers to always have enough provision. The tariff scheme should not displace customers to the on-street offer. Over-reliance on on-street parking has detrimental effects on congestion, pollution and threatens the safety of town centre users.

The tariff scheme should help support the customer experience and boost local businesses by being simple and consistent. This support should allow for turnover of spaces for shoppers and support those who wish to stay in the town centre longer. Whether this local business is retail, tourism, day or night time economy, it's about boosting the local vitality for businesses by putting the customer at the heart of the tariff scheme. Supporting our wider Corporate Plan and Economic Development Strategy for the benefit of the customers is the key aim for the tariff scheme.

The key principles outlined in the Corporate Charging Policy will be considered to ensure transparency and consistency.

¹¹ Re-Think! Parking on the High Street – Guidance on Parking in Town and City Centres by Ojay McDonald, 2013

Actions:

1. Undertake a comprehensive review of the tariff schemes in Council owned public car parks, factoring in the demands/needs of customers and setting the tariff scheme at a level that promotes usage/economic growth in the district.
2. Continue to offer free parking in all Council owned car parks after 6.00pm
3. Continue to offer free parking on Sundays
4. Continue to offer free parking to disabled customers displaying a valid badge
5. Undertake regular usage surveys/analyse pay and display machine data.
6. Monitor and analyse car park income and expenditure data (and where appropriate take action)

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Priority 3: To provide well-maintained car park facilities which meet the needs of customers.

“Out-of-town centres create an environment where the shopper comes first, with wide footways and pedestrianized streets, and good public transport links such as free buses. This has taken business away from our high streets. In order to be places that people want to visit, high streets need to be accessible, attractive and safe.”¹²

Appearance is a key consideration in our car parks. Our car parks are gateways to the settlements and the launch-pad to the customer experience of our District. Therefore, it is important that car parks are kept in good condition and repair; and are visually appealing and provide a welcoming environment which orientates customers.

Therefore, this priority is about ensuring a positive customer experience. This will be achieved through ensuring our car parks offer a safe and welcoming environment, with facilities which meet the general needs of all customers e.g. new pay and display machines, or the more specific needs of certain customers e.g. information boards for visitors.

As the launch-pad to the customer experience in the District our car parks need to meet the expectations of a customer. This means that they should be in good repair, clearly marked, visually appealing and help signpost the customer to key attractions in the settlement.

Machines should be reliable and efficient. Machines should also be ‘future-proof’, enabling easy upgrades.

Actions:

1. Aim for all car parks to have and maintain the Park Mark standard
2. Devise a maintenance plan based on the individual car park condition survey recommendations
3. Enhance the appearance of Council owned car parks
4. Provide information boards with maps
5. Provide the option for alternative payment methods in Council car parks e.g. Telephone and card payments
6. Provide electric car charging points in appropriate Council car parks
7. Provide cycle lockers in appropriate Council car parks

¹² *The Portas Review* (2011), Mary Portas

Priority 4: To enforce car park charges effectively ensuring equity and consistency for customers.

“Local authorities should seek to improve the quality of parking in town centres so that it is convenient, safe and secure... They should set appropriate parking charges that do not undermine the vitality of town centres. Parking enforcement should be proportionate.”¹³

This priority is about ensuring the appropriate level of effective enforcement is in place. It is about delivering fairness and ensuring safety for all users e.g. taking action against those who choose not to pay, park outside designated bays, park beyond their ticket time etc.

This priority is not about using Civil Parking Enforcement (CPE) as a revenue generation tool. No financial targets or bonuses should be assigned to the issuing of Penalty Charge Notices (PCN's).

To ensure this is effective and fair, it should: be carried out in all pay and display Council owned car parks, complement parking and be transparent in terms of PCN's issued and the number of appeals, including how many were successful.

Actions:

1. Ensure that sufficient, effective enforcement is in place in all pay and display car parks in the District.
2. Publish enforcement performance data.

¹³ Paragraph 40 National Planning Policy Framework 2012

Priority 5: To maximise use of the car parks for the benefit of the local community and local businesses.

“Car parking charges must be viewed more holistically as part of an accessibility strategy for town centres which takes into account the need to promote its businesses. Such a strategy should lead to the intelligent utilisation of parking provision to support the town centre.”¹⁴

This priority is about ensuring that we make the best use of our assets, through influencing parking behaviour to maximise use of the car parks. Through improvements to the customer experience, we can influence parking behaviour and trends.

Through understanding customer needs and demand, introducing a supportive tariff scheme and offering value for money permits, we are able to maximise Council car park use. By offering value for money permits we can encourage use of a previously underutilised car park. Where an alternative option for a car park is proposed it will be assessed for its benefit for the local community and local businesses.

It is important to make the Council car parks the first choice for customers. This may be, for example, by making the tariff competitive with the alternative private provision. It may also be by improving the signage (both physical and online) in order to raise awareness of existence and location of Council car parks.

Actions:

1. Offer and promote value for money permits for underused car parks
2. Improve online information about the car park offer
3. Work with NYCC to improve highway signage/directional signage of the Council's car parks
4. Consider alternative uses for car parks if a broader benefit can be demonstrated e.g. town centre regeneration.
5. Monitor and Review the extent of any unauthorised car parks and take the appropriate and proportionate action.

¹⁴ Re-Think! Parking on the High Street: Guidance on Parking Provision in Town and City Centres (Page 8)

Priority 6: To Ensure Full Cost Recovery within the Car Park Strategy

We need to ensure that the revenues and costs associated with the car parks are set at such a level that the full life costs of running and maintaining the car park are fully recovered factoring in an appropriate 'cost of capital' to acknowledge the discretionary nature of this service. We also need to ensure that we are delivering value for money by ensuring that services are delivered in a cost effective way whilst still aligning with the other priorities laid out in the Car Park Strategy.

This priority is about making sure that we review and report on the cost of the Car Parking Service whilst ensuring that the revenues generated are sufficient to cover all required resources. It is the responsibility of the council to ensure that finance forms a part of any proposals to change the Car Park Strategy so that plans remain economically viable and sustainable for the Council.

The resources required to deliver the CPS are contained within the current revenue budget and capital programme. £900k has been earmarked from the Asset Management Reserve to fund major improvement works to the car parks. Whilst there are sufficient funds within the reserve to cover these costs over the next 3 years the level of the reserve going forward requires review in order to sustain the Council's asset base (car parks included). An assessment of the ongoing reserve contributions will be undertaken as part of the Medium Term Financial Strategy refresh.

In order to ensure a sustainable service the reserve for the capital works must have sufficient funds to carry out the required programme of works including: car park ground work and resurfacing, line painting, replacing machines and signage.

Actions:

1. Monitor and report on revenues and costs to ensure ongoing full cost recovery and include a rolling programme of work within the Council's Asset Management programme.
2. Reviewing current and forecasted reserve balances to ensure sufficient resources to cover the rolling programme of works.
3. Economical factors should be considered on any future assessment of tariffs, costs and usage of car parks and any proposals to amend these.

Part 3: How Are We Going to Change It?

5. Action Plan

- 5.1. An operational Action Plan will be developed in order to facilitate implementation of the individual actions listed under each priority. Each action will be subject to a timeline and designated to a responsible officer.
- 5.2. Over time more information will be collected from the improved technology available in pay and display machines. This information will inform future operational decisions on how car parks are used to achieve this strategy's overriding objective. The Action Plan will therefore be monitored and reviewed as appropriate through the lifespan of this strategy.

DRAFT

Part 4: How Will We Know this Strategy Has Been Successful?

6. Measuring Success

- 6.1. We are trying to attract new customers to our car parks and improve the experience for existing customers. It is anticipated that an improved car park offer will result in an increased car park usage which will have knock on effects for both small and larger retailers in the town centres. Influencing parking behaviours to the most appropriate car parks e.g. shoppers to town centre car parks, will result in increased footfall in the town centre, supporting growth and town centre vitality.
- 6.2. Success of this strategy will ultimately be evidenced by the enhanced customer experience. Management information reporting will be included in the Operational Action Plan. This will include information on usage and/or turnover in Council car parks, the health of the town centre economies and most importantly, customer satisfaction.
- 6.3. Following the implementation of the changes set out in this strategy there will be a 12 month post implementation review. This review will allow us to assess any trends and changes in parking behaviour to make sure they are achieving the overriding objective.

Appendix A - Policy Context

1. There is a range of national and local policy that is relevant to parking and promoting the vitality and viability of town centres.

National:

2. In 2012 the Government published its new National Planning Policy Framework (NPPF). Section 3 of the Framework, entitled 'Supporting a Prosperous Rural Economy', refers to parking provision for both new building developments and town centre parking as follows:

"39. if setting local parking standards for residential and non-residential development, local planning authorities should take into account:

- *the accessibility of the development;*
- *the type, mix and use of development;*
- *the availability of and opportunities for public transport;*
- *local car ownership levels; and*
- *an overall need to reduce the use of high-emission vehicles.*

40. Local authorities should seek to improve the quality of parking in town centres so that it is convenient, safe and secure, including appropriate provision for motorcycles. They should set appropriate parking charges that do not undermine the vitality of town centres. Parking enforcement should be proportionate."

3. Further to the NPPF, new planning guidance was published in August 2013 which provides further detail in terms of town centre parking provision, stating that councils should understand the important role appropriate parking facilities can play in rejuvenating shops, high streets and town centres:

"The quality of parking in town centres is important; it should be convenient, safe and secure. Parking charges should be appropriate and not undermine the vitality of town centres and local shops, and parking enforcement should be proportionate."

"This positive approach should include seeking to improve the quality of parking in town centres (in line with the National Planning Policy Framework) and, where it is

necessary to ensure the vitality of town centres, the quantity too. Local authorities should set appropriate parking charges that do not undermine the vitality of town[s].”

4. The extracts above support this Strategy’s focus on using car parks to support the vitality of the District’s local economies by improving the customer experience.

Local:

5. The Council’s Corporate Plan 2015 - 2020 identifies the following priorities:
 - a) Making Selby District a Great Place to do Business
 - b) Making Selby District a Great Place to Enjoy Life
 - c) Making Selby District a Great Place to Make a Difference
6. These are supported by Selby District Council *delivering great value* under the Corporate Plan.
7. Improving the customer experience and maximising use of our car parks will help support local businesses, strengthening our local economy and contribute towards a sustainable and thriving future for the District’s main settlements (namely, Selby, Sherburn and Tadcaster). Supporting town vitality and thereby increasing footfall in this way can also help secure and develop the retail environment in our town centres.
8. Growth is a key feature in the Corporate Plan and this strategy is focussed on using the car parks as a tool for achieving this growth. It will achieve this through putting the customer first.
9. Selby District Council approved a new Asset Management Strategy 2015-2018 (AMS) on 5 November 2015, which identifies car parks as a key asset. The AMS outlines how the Council’s assets should be managed in an effective, economical, and efficient manner for the next 3 years.
10. The AMS objectives are:
 - a) To use our assets in a sustainable way to support the Council’s strategic objectives and to contribute to the development of the Council’s emerging economic strategy.

- b) To identify ways to maximise the use of assets for the benefit of the local community and to encourage inward investment.
 - c) To ensure our assets are fit for purpose and maintained to the required standard.
11. This strategy has been developed with these objectives in mind, and the priorities outlined in Section 4 will make sure car parks play a part in helping the Council achieve these objectives.
 12. The Council's Economic Development Strategy (EDS) is focussed on promoting growth within the District. It therefore very closely links the EDS to the overriding objective of this strategy. Objective 2a of the EDS is to "develop a long-term programme of market town regeneration to boost the visitor, leisure and night-economy" which this strategy will help achieve.
 13. This strategy provides a stepping stone towards achieving Objective 2a, but it is not an isolated solution. Regeneration of place requires many facets and this strategy provides just one of those. With the emphasis on growth and local business vitality, delivered through improving the customer experience, this strategy aims to boost the visitor and leisure industry locally in line with the EDS. Through supportive pricing structures and safe car parking, the centrally located car parks can help boost the night time economy.
 14. In October 2013 the Council's Core Strategy came into force and is in place until 2027. The Core Strategy is the long-term strategic vision for how the District will be shaped by setting out a number of broad policies to guide development. The Vision for the Core Strategy is:

"By 2027 Selby District will be a distinctive rural District with an outstanding environment, a diverse economy and attractive, vibrant towns and villages. Residents will have a high quality of life and there will be a wide range of housing and job opportunities to help create socially balanced and sustainable communities, which are less dependent on surrounding towns and cities."
 15. This strategy clearly feeds into this long term vision: contributing to making the District a diverse economy and to create vibrant towns and villages.

16. This strategy will clearly be linked to the Core Strategy when considered in reference to paragraph 3.5(9) of the Core Strategy:

“Developing the economy of the District by capitalising on local strengths, nurturing existing business, supporting entrepreneurs and innovation, and promoting diversification into new growth sectors.”

17. This strategy is therefore ideally placed to help the Core Strategy achieve its vision. It will push for growth to help achieve the diverse economy through strong local business vitality and support local tourism which will provide choice within the District to meet retail and leisure needs.
18. The Corporate Charging Policy (CCP) approved May 2016 sets out the principles for charges set by the Council. Whilst the car park service is exempt from the policy, the principles of the policy should still hold a persuasive precedent over any decisions taken with regard to car park related charges (i.e. the tariff scheme).
19. The principles of CCP are that all fees and charges will:
- Contribute to the achievement of corporate and service objectives;
 - Maximise potential income, to achieve financial objectives, unless there is an explicit policy decision to subsidise the service;
 - Be subject to equality impact assessment screening and consultation where appropriate.
 - Minimise the costs of collection;
 - As a minimum be increased annually from 1 April each year in line with Consumer Price Index (CPI) inflation increases (rate published for the preceding September each year);
 - Be subject to a scheduled review at least every 3-5 years.
20. A coordinated approach to this strategy has been undertaken with NYCC, including consideration of the NYCC Parking Strategy 2011.

The North Yorkshire County Council (NYCC) Parking Strategy (October 2011) states that: *“Successfully managing on-street parking provision has a major impact on the transport network. The benefits include:*

- *Reducing congestion*
- *Improving localised air quality*
- *Improving road safety*
- *Maintaining access to and encouraging use of public transport*
- *Balancing on and off street parking supply and demand*
- *Helping businesses with collections and deliveries*
- *Enabling residents to park near to their properties”*

The NYCC Parking Strategy, in its key principles, goes on to describe the importance of the relationship between on and off street parking: *“As previously stated the County Council has no direct control over the provision of off-street parking. Nevertheless there is a commitment to joint working with district councils and other partners to ensure that on and off street parking provision complement each other.*

Effective on-street parking management measures help to balance on and off street parking supply and demand. The inter-relationship should encourage drivers to park in designated on-street spaces for short visits and deter those wanting to park on-street for longer periods. This creates more available designated on-street spaces and helps to ensure that the provision is used by the intended categories of user namely short stay visitors, shoppers and disabled drivers.”

On parking space numbers and impact on the local economy of parking charges the NYCC strategy comments: *“7.4 A study by the Transport Research Laboratory identified a common misconception that providing as many parking spaces as possible is the best way to manage parking so as to maximise access. Rather, the key is to ensure that the parking stock is used efficiently so that the availability of spaces matches demand wherever possible. The effective management of parking provision is therefore as important as the absolute number of parking spaces provided.*

7.5 There is a potential conflict between using parking as a means of facilitating car use, and as a means of selectively controlling car accessibility (and thereby car use). In North Yorkshire a balanced approach is required to meet the needs of different communities. The rural nature of the county means many people rely on the car to access key services and sufficient parking provision at certain locations is therefore required.”

Appendix B - District Profile

1. The District has a population of 85,400¹⁵, good transport links, and relatively low cost housing when compared with neighbouring authorities. This means that the District is subject to a lot of out commuting in terms of workers and shoppers (i.e. our residents often leave the District for employment, retail and leisure, contributing to the economies of neighbouring areas rather than our own).
2. Generally speaking the District is rural in nature. This inevitably leads to higher car use by residents as there is a lack of regular public transport (and increasing pressure on rural bus routes) for several of the villages. For this reason, there needs to be recognition that effective alternative transport methods may never be possible. Private cars will, therefore, remain the only travel option for many people in the District.
3. Cars are already very popular in the District, with the number of cars in the District increasing over recent years. This is shown in the tables below. We have no reason to expect a decrease in this trend.

	Households with no car or van		Households with one car or van		Households with one or more cars or vans		Households with two cars or van	
	(No.)	(%)	(No.)	(%)	(No.)	(%)	(No.)	(%)
Households in Selby District (34,559)	5,155	14.9%	13,707	39.7%	29,404	85.1%	11,921	34.5%

Source: Office for National Statistics, 2011 Census Data

	2001	2011	Increase from 2001- 2011	
			(No.)	(%)
No. of cars in Selby District	40,808	50,350	9,542	23.4%

Source: Office for National Statistics, 2001 Census Data & 2011 Census Data

4. A market town assessment was undertaken by Spawforths in June 2015 which identified a number of car park specific issues across the three main settlements of Selby, Sherburn and Tadcaster. These are set out in the table below, along with the parish population for each settlement.

¹⁵ Mid-Year Estimates, Office for National Statistics, 2014

	Parish Population (Census 2011)	Market Town Assessment June 2015 findings
Selby	14,731	<ul style="list-style-type: none"> • Poor distribution of parking areas • A need for improved and cheaper parking • Aspirations for free parking • Aspiration for improved parking signage in the town • Aspirations for improvements in relation to the quality of the environment in Selby town centre including improved street furniture/floral displays (Based on shopper and retailer surveys for the most popular suggested improvements) • A business aspiration for free parking within Selby (This was the most popular suggestion for town centre improvements received from town centre businesses within Selby) • Access and technology aspirations – parking signage in the town could be improved to help visitors and residents
Sherburn	6,657	<ul style="list-style-type: none"> • There is a car parking availability issue • There is a need for the forward strategy to focus on adequately meeting daily shopping and service needs • Local businesses consider the poor quality of the town centre environment and availability of car parking to be the main issues facing Sherburn
Tadcaster	6,003	<ul style="list-style-type: none"> • A need to improve the appearance and vitality of Tadcaster town centre, and make it easier for people to shop locally • A lack of footfall in the town centre • A need to create facilities that will not only be enjoyed by local people, but that will also encourage visitors to come and enjoy all the area has to offer

Appendix C - Benchmarking Evidence

- As part of the Car Park Strategy review, a benchmarking exercise was undertaken, particularly focusing on car park tariffs and designation of 10 neighbouring councils (those geographically close to us) and 20 comparator councils (authorities similar to Selby District)¹⁶. The findings of this benchmarking exercise are detailed in the tables below.

2. Car Park Tariffs

In Selby town, during the charging period the tariffs in operation in the Council's public car parks are as set out below.

Selby Council tariffs:

Short Stay		Long Stay	
Duration	Price	Duration	Price
1 hour	50p	Up to 3 Hours	£1.20
2 hours	£1.00	Over 3 Hours	£3.00
Over 2 hours/all day	£5.40		

3 Selby Private Tariffs

	Selby Station	Station Road	Wetheralls	James St
1 hr	-	-	£1.00	£1.00
2 hr	-	-	£2.00	£2.00
3 hr	-	-	£3.00	-
12 hours	-	-	£5.00	-
24 hours	£3.90	£3.50	-	£5.00
Weekend 24hr	-	£3.00	-	-

The Council's car parks are cheaper than all chargeable private provision in Selby. With short stay prices up to half the price for the first 2 hour stays. Long stay prices are up to 70p more expensive in private car parks; however this does cover a 24 hour period.

¹⁶ The comparator authorities were based on CIPFA comparator data. The comparator data was based on population, retail premises per 1000 population, offices per 1000 population and percentage of properties in Bands A to D and E to H amongst other things. 20 of the 30 closest comparator authorities' car park offer were assessed.

4 Average tariffs of comparator councils:

Duration	Short stay	Long stay	Undesignated
1 hour	73p	70p	70p
2 hours	£1.27	£1.11	£1.15
3 hours	£1.75	£1.52	£1.94
4 hours	£2.74	£1.80	£2.90
Over 4 hours/all day	£6.05	£3.37	£5.95

When any free parking on offer is not taken into account, prices across these comparator councils ranged from 50p for an hour to £10 for up to 11 hours. When compared with comparator councils, **Selby's current tariff is cheaper than the average.**

5. Average tariffs of neighbouring councils:

Duration	Tariff ¹⁷
1 hour	£1.09
2 hours	£2.04
3 hours	£2.94
4 hours	£3.99
Over 4 hours/all day	£5.33

Prices across neighbouring councils ranged from 60p for an hour to £12 for all day parking. One area (Skipton) uses a 'pop and shop' scheme with a 20p charge for 30 minutes. **When these neighbouring average tariff prices are compared with Selby's existing tariff, again Selby is cheaper than the average.**

6. Free parking offer

During the charging period, there is currently no offer of a period of free parking in Council car parks in Selby town.

¹⁷ Of the 10 neighbouring councils benchmarked with, only 2 used designated parking (short stay and long stay), and these tariffs have been incorporated into an overall average using undesignated tariffs as well.

Councils which currently offer a period of free parking:

	Percentage (and number)
Comparator councils	60% (12)
Neighbouring councils	20% (2)

Out of the 20 comparator councils, there were a range of free parking offers: the first half hour free; the first 2 hours free; all day free; and free all day after a certain time. Some car parks offered free parking but with a restriction (usually 2 hours) on how long drivers could park there for.

These findings indicate a slight trend amongst our comparator councils towards offering free parking. This is perhaps more important than the trends of our neighbouring councils regarding price, as the comparator councils have economies more closely linked to ours than those of the neighbouring councils (which include a range of much larger economies such as Leeds and York).

7. Car Park Designation

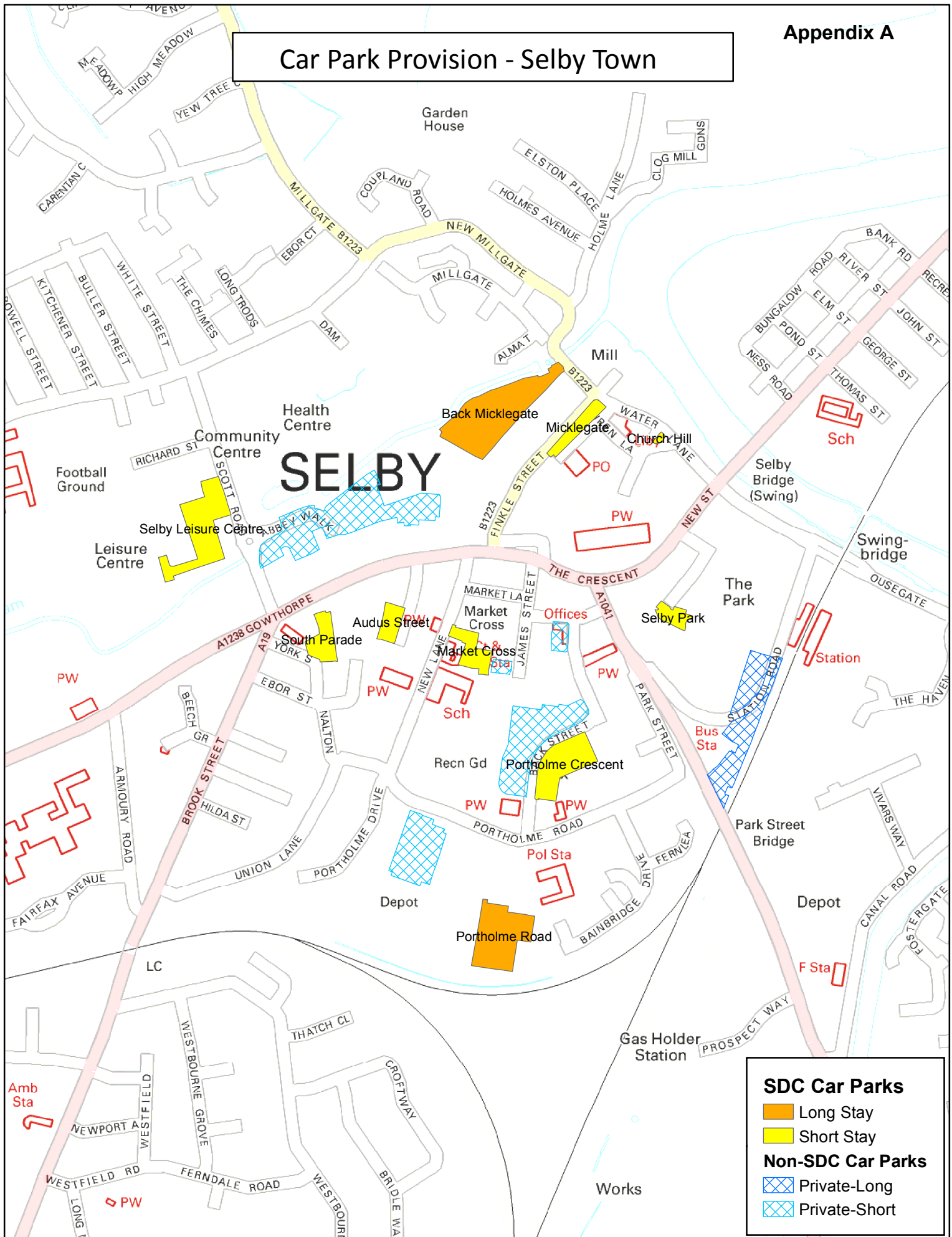
The Council car parks in Selby town are currently designated (either as short or long stay).

Councils which currently have undesignated parking:

	Percentage (and number)
Comparator councils	35% (7)
Neighbouring councils	80% (8)

These findings show there is a very strong trend amongst our neighbouring councils to use undesignated parking, **meaning that currently Selby District is not consistent with the local area.**

Car Park Provision - Selby Town

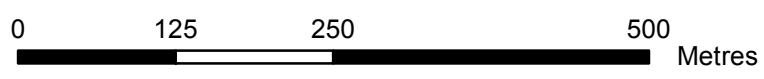


SDC Car Parks

- Long Stay
- Short Stay

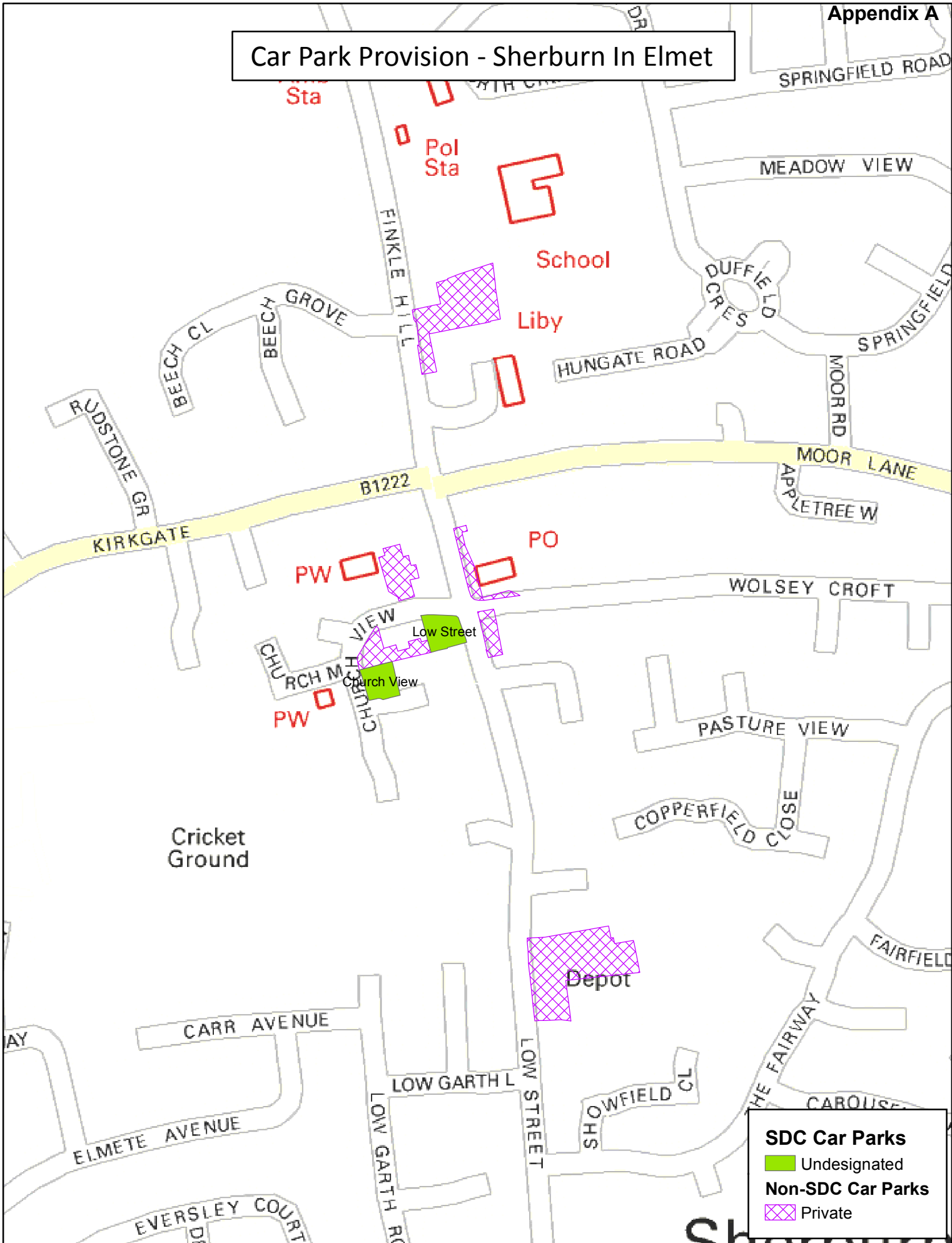
Non-SDC Car Parks

- Private-Long
- Private-Short



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Car Park Provision - Sherburn In Elmet

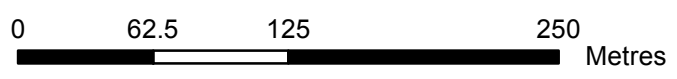


SDC Car Parks

- Undesignated

Non-SDC Car Parks

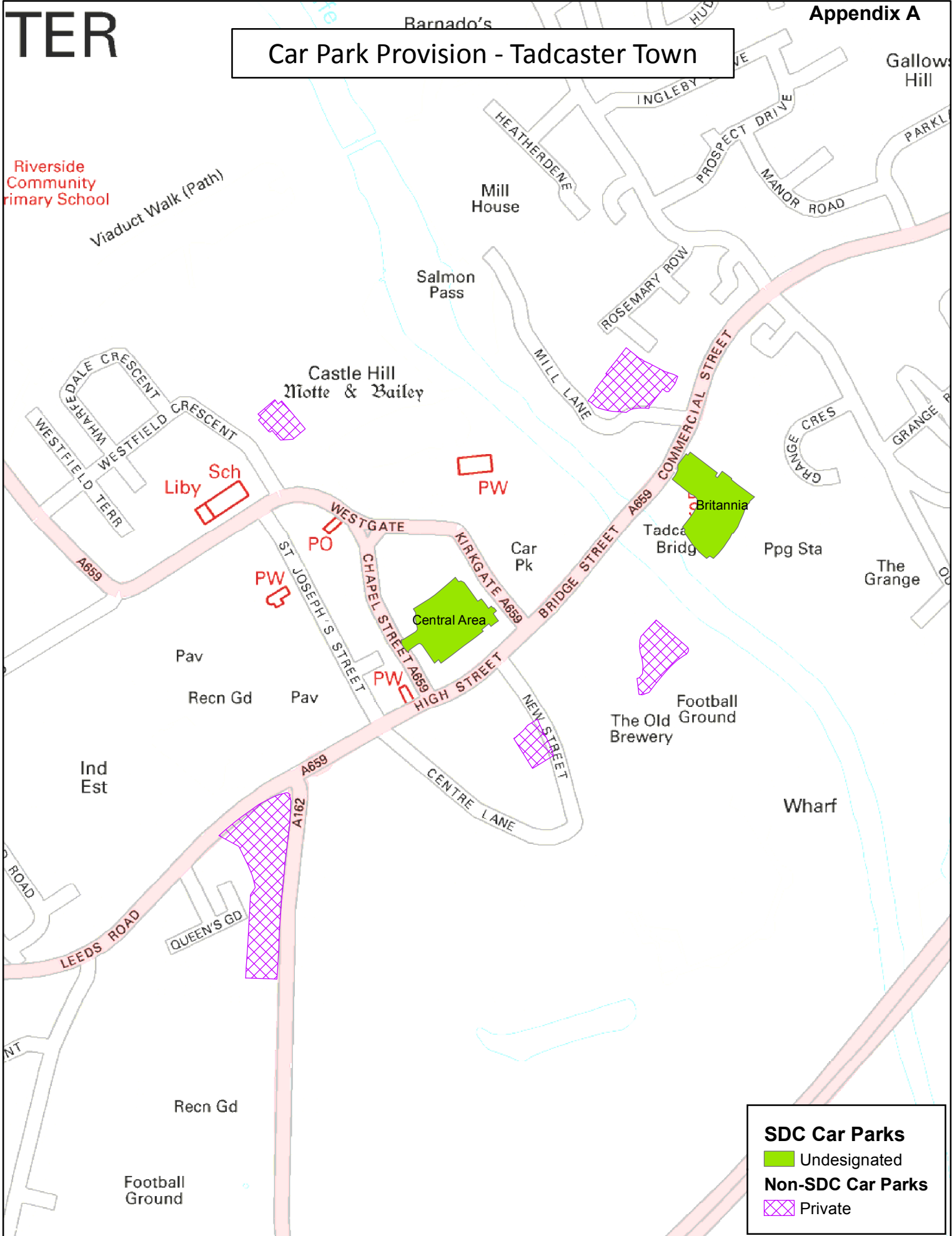
- Private



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Car Park Provision - Tadcaster Town

Riverside Community Primary School



SDC Car Parks

- Undesignated

Non-SDC Car Parks

- Private





Minutes

Scrutiny Committee

Venue:	Committee Room
Date:	Tuesday 17 October 2017
Time:	5.00 pm
Present:	Councillors Mrs W Nichols (Chair), Mrs S Duckett (Vice Chair), D Buckle, I Chilvers, Mrs E Casling, D Mackay and Mrs D White Councillor C Lunn, Executive Lead Member for Finance and Resources and Councillor R Packham
Officers present:	Dave Caulfield, Director of Economic Regeneration and Place, Gill Marshall, Solicitor to the Council, June Rothwell, Head of Operational Services, James Cokeham, Head of Economic Development and Regeneration, Michelle Dinsdale, Senior Policy and Performance Officer, Chris Watson, Policy and Performance Officer and Victoria Foreman, Democratic Services Officer
Public:	0
Press:	0

20. APOLOGIES FOR ABSENCE

There were no apologies for absence

21. DISCLOSURES OF INTEREST

There were no disclosures of interest.

22. CHAIR'S ADDRESS TO THE SCRUTINY COMMITTEE

The Chair informed Members that two letters of representation relating to the Car Parking Strategy and Tariff Review decision had been received. The Chair gave the Committee time to read the letters following a brief explanation of the content by the Solicitor to the Council.

23. Call-In: Car Parking Strategy and Tariff Review

The Solicitor to the Council introduced the report which asked the Committee to consider the call-in of the decision made in respect of report E/17/26, which had been taken by the Executive on 19 September 2017. The Committee was asked to either:

- refer the decision back to the Executive for reconsideration;
- agree with the decision made by the Executive and take no further action; or
- refer the decision to Council.

The Director of Economic Regeneration and Place explained that the report presented to the Executive on 19 September 2017 had contained options that had been considered previously by the Executive at its meeting on 3 August 2017.

It was noted that five Councillors had called-in the decision because they had felt that it was contrary to the decision making principles as set out at Article 13.1 (b) and (i) of the Constitution, namely that all the relevant matters had not been fully taken into account in reaching the decision, and it had not been clear in terms of its aims and desired outcomes. Of particular concern had been the lack of clarity regarding the financial effects of changes discussed the Council meeting immediately before the Executive. In particular, these were the £10,000 reduction in income in increasing the free parking in Tadcaster from one to two hours, and the £100,000 reduction in making the same change in Selby.

The Committee were asked to note that the District's towns had varying needs when it came to car parking, and that significant improvements were proposed in the Car Parking Strategy that had accompanied the tariff review.

Members debated the call-in and considered the following matters:

- The Committee discussed the weight given to additional representations regarding free parking in Tadcaster that were made following the Executive's decision on 3 August 2017. It was noted that officers had modelled eight options for consideration by the Executive, and the preferred option had been cost neutral.
- The enforcement of the extra free hour in Tadcaster and the impact of the loss of income on the Council in its implementation were debated. Officers confirmed that if it were apparent that people were overstaying the two free hours, the contract for enforcement would be reviewed.
- The Committee questioned the rationale behind the level of increases to parking charges in Selby (from £1.20 to £1.50 an hour), and raised this as a matter of concern due to the potential impact on the local economy and deprived areas of the town.

- It was noted that the impact on the loss of income to the Council in moving from one to two hours' free parking in Tadcaster was in the region of £10,000. For Selby, the figure would be between £97,000 (best case scenario) to £183,000 (worst case scenario). It was explained that data had been collected from the ticket machines in Selby and had given a picture of varying levels of use in different car parks across the town. It was also noted that there had been two separate usage surveys in Tadcaster.
- The Executive Lead Member for Finance and Resources explained that the two hours free parking in Selby, as mentioned at the meeting of the full Council, would have had a detrimental effect on the Council's revenue. The Committee was also informed that, as set out in the strategy, there would be a twelve month post implementation review of any changes to the District's car parks.
- The Committee noted that for the Council to include Tadcaster car parks within the charging and enforcement regime, a new order would be required under Section 35 of the Road Traffic Regulation Act 1984. It was noted that the process was likely to take three months to complete due to consultation and publication.
- Members emphasised the importance of scrutiny in the decision making process of the Council, and felt that more time and consideration should be given to scrutiny as it was the essential there was a check and balance to the roles of the Leader and the Executive.
- The Committee were disappointed that the tariff review and strategy had not been through pre-decision scrutiny prior to being presented to the Executive, and felt that had this been done, the matters being examined at the meeting could have been resolved earlier.
- The Committee were of the opinion that the appropriate course of action with regards to the called-in decision was to refer it back to the Executive for reconsideration.

It was proposed and seconded that the decision be referred back to the Executive.

RESOLVED:

To refer the decision back to the Executive for reconsideration for the following reasons:

- i. The decision of the Executive had been taken without the full financial information and costings being presented to all Members at the Council meeting;**
- ii. The modelling information relating to the impact of not having two hours free parking in Selby, as well as an**

increase in tariffs in the town, was not fully taken into account;

- iii. There were concerns regarding the increase in parking charges in Selby town from £1.20 to £1.50 and the potential impact on the local economy;**
- iv. There were concerns regarding scheme piloting and enforcement;**
- v. Press releases had been published prior to the expiry of the five day call-in period that is required following an Executive decision; and**
- vi. The decision was taken in five minutes at a meeting of the Executive convened immediately after the Council meeting.**

The meeting closed at 6.27pm.

Selby District Council

REPORT

Reference: E/17/32

Item 5 - Public



To: The Executive
Date: 2 November 2017
Status: Key Decision
Report Published: 25 October 2017
Author: Karen Iveson, Chief Finance Officer
Executive Member: Councillor Cliff Lunn, Lead Executive Member for Finance and Resources
Lead Officer: Karen Iveson, Chief Finance Officer

Title: Business case for the merger of Veritau and Veritau North Yorkshire

Summary:

This report seeks approval for the merger of Veritau Ltd and Veritau North Yorkshire. Veritau Ltd was formed in 2009 by North Yorkshire County Council and City of York Council to share internal audit, counter fraud and information governance services between the councils (assurance services).

In early 2012, a separate subsidiary company - Veritau North Yorkshire Ltd (VNY) - was formed to provide assurance services to a number of district councils in the North Yorkshire area. Veritau Ltd holds 50% of the shares in VNY, and the remaining 50% are held equally by Hambleton District Council, Richmondshire District Council, Ryedale District Council, and Selby District Council.

The maintenance of two companies necessitates an increasingly complex recharge of costs between the two companies and additional overheads.

To minimise these additional costs and resource pressures it is proposed that permission be sought from each of the Veritau and VNY Shareholders to convert the two businesses into a single trading company providing services to each of the six shareholders.

The proposed shareholdings are:

	Shareholding
City of York Council	37.5%
North Yorkshire County Council	37.5%
Hambleton District Council	6.25%
Richmondshire District Council	6.25%
Ryedale District Council	6.25%
Selby District Council	6.25%

Overall, the company model for providing assurance services has achieved the aims set out in the original business case and continues to provide high quality value for money services. And the drivers for change, and arguments for creating the company set out in the original business case, remain valid. It is therefore recommended that the council should support the proposal to create a single company.

Recommendation:

That the Executive approve in principle the proposed reorganisation of the companies as set out in this business case with the responsibility for approving any required resolutions and any related agreements on behalf of the Council as shareholder of VNY, delegated to the Chief Executive.

Reasons for recommendation

It is intended to complete the merger of the two companies at the end of the current financial year in March 2018.

In order to achieve the March deadline, the process above will need to commence in December 2017. In practice, approval of the merger will need to be given by the relevant decision making body at each member council in advance of this commencing.

1. Introduction and background

1.1 Veritau Limited¹ was formed in 2009 by North Yorkshire County Council and City of York Council. The company was set up to share internal audit, counter fraud and information governance services between the councils (assurance services). The arrangement addressed a number of concerns around capacity for providing effective services in-house, and delivered a number of other advantages, which are set out below. Each council has a 50% share in the company.

1.2 The two councils buy a mix of assurance services from Veritau. The original contracts between the councils and Veritau Limited for the provision of

¹ In the remainder of this business case references to Veritau, the company, or the group refers to Veritau Limited and Veritau North Yorkshire Limited collectively unless otherwise clear from the context.

services were for 10 years (with options to extend by a further five years) and are due to end on 31 March 2019.

- 1.3 In early 2012, a separate company - Veritau North Yorkshire Limited (VNY) - was formed to provide assurance services to a number of district councils in the North Yorkshire area. Veritau Limited holds 50% of the shares in VNY, and the remaining 50% are held equally by Hambleton District Council, Richmondshire District Council, Ryedale District Council, and Selby District Council. Each of these councils buys a mix of assurance services from VNY, and the contracts are due to end on 31 March 2019 (with options to extend by a further five years).
- 1.4 Each company has its own board of directors. However, Veritau and VNY operate as a single business under a uniform management structure below board level. The group has common policies, procedures and systems. It has also adopted a single brand image. VNY now only directly employs 2 audit staff. The majority of the work carried out for the district councils is undertaken by Veritau employees, necessitating an increasingly complex recharge of costs between the two companies. There are also overheads associated with maintaining two companies. For example separate accounting records are maintained and are individually audited, and insurances are required for each company in its own right. A significant element of management and administrative time is also spent on maintaining the companies as two separate entities. This increases the cost to the group as a whole, and diverts limited management resources away from overall development of the business.
- 1.5 To minimise these additional costs and resource pressures it is proposed that permission be sought from each of the Veritau and VNY Shareholders to convert the two businesses into a single trading company providing services to each of the six shareholders.

2. **The Report**

Rationale for forming a shared service company

- 2.1 Proposals for sharing assurance services between City of York Council and North Yorkshire County Council were first suggested in 2007. A number of options for the delivery of a shared service were explored and in 2009 the Executive at each council approved the formation of Veritau Limited, and the transfer of services and staff to the company.
- 2.2 There were a number of drivers for the change, and benefits in sharing services. These included the following.
 - Increased security of service provision including resilience and capacity: the teams at both councils had experienced problems filling vacancies in professional assurance roles. Combining the services across a bigger team enabled resource pressures to be spread and the risks to be more effectively managed. The combined team is better placed to manage

issues caused by staff vacancies and unexpected service demands. It also gives greater flexibility to respond to changing priorities, initiatives and new working practices dictated by professional standards. Reliance on key members of staff for the delivery of services had also been an issue and the new arrangement improved the scope to manage succession planning and mitigate risks around service continuity.

- Achievement of economies of scale by sharing overheads and reducing unproductive time: for example, through reducing overall management overheads, using a single audit management IT system and combining procedures. The councils recognised the need to improve the quality of services and making efficiency savings through sharing services and reinvesting this in the team was a way to achieve this. It also enabled effectiveness to be increased by sharing best practice and developing expertise which could be shared across sites for example through the development of common approaches to audits.
- Enhanced focus on service delivery and quality through the development of a dedicated professional services function with a separate identity, and a vision and brand linked to the delivery of high quality assurance services.
- Greater staff satisfaction and retention as a result of enhanced career opportunities and the ability of staff to specialise and gain broader experience as part of a larger team.
- A greater opportunity to develop specialist knowledge within the company and reduce reliance on expensive bought-in services (for example IT audit). This was not possible within the smaller teams operated by each council.
- A more innovative approach, which could generate improvements by being given greater flexibility in managing services.

2.3 Seven options (organisational structures) were originally considered for the delivery of a shared service. Following a detailed option appraisal, it was determined that the formation of a company controlled by the councils was the preferred option as it achieved a number of key aims.

- It enabled each council to exercise a high degree of control and influence over the services in the future.
- By maintaining control, it enabled them to be satisfied that the company would continue to provide sufficient and continuing access to the services.
- It represented a genuinely equal partnership between the councils.

Creation of VNY

2.4 Prior to April 2012, the current VNY shareholders received internal audit services from the North Yorkshire Audit Partnership (NYAP). The partnership

was based on a joint committee model with Ryedale District Council acting as lead authority. The NYAP Directors approached Veritau in November 2009 to discuss potential options for future collaboration.

- 2.5 The drivers for change for the district councils were essentially the same as set out in the original business case for the formation for Veritau (for example allowing them to share expertise, manage capacity, and address staffing and continuity issues). For Veritau, it gave an opportunity to increase resilience and achieve greater economies of scale by increasing its operating base. In January 2012 the existing Veritau shareholders (North Yorkshire and York) approved the creation of a separate company (Veritau North Yorkshire) to be owned 50% by Veritau and 50% by the member district councils. Each district council also considered and approved a business case for joining VNY.
- 2.6 The rationale for creating a separate company, initially, was to:
- avoid the need for the two existing councils (CYC and NYCC) to value their existing shareholding in Veritau and for the district councils to purchase a proportion of the shares
 - enable the district councils to have sufficient influence over VNY to meet Teckal requirements, given the relatively low level of shareholding that they would have within Veritau
 - allow North Yorkshire County Council and City of York Council to minimise any risk to their investments in Veritau while the operational arrangements with the district councils was at an early stage.

Success of company model

- 2.7 The company model for sharing services has achieved the aims set out in the original business case and has delivered the expected benefits, as set out below.
- 2.8 Veritau was one of the first shared assurance services partnerships nationally. As financial pressures on councils have continued to grow over the last eight years, many in-house internal audit teams have faced reductions in their resources. In some cases, to levels which threaten their ability to deliver a service which meets statutory requirements - particularly at smaller councils. Nationally, more local authorities are joining shared service arrangements as a way to manage this risk. This approach has also been replicated by central government which has established a single shared service for internal audit. Councils have also had their capacity to investigate fraud significantly reduced since the transfer of benefit investigation services to the DWP as part of the Single Fraud Investigation Service Initiative. In their 2016 Counter Fraud and Corruption Tracker, Cipfa reported that 10% of the public sector organisations they had surveyed (mainly local authorities) had no dedicated counter fraud resource.
- 2.9 Similar pressures faced by the shareholding councils have led to reductions in the level of service required from Veritau since it formed. For example, the level of service provided to NYCC and CYC by Veritau Limited has fallen by

25% since 2009, across the range of service areas. The company has been able to manage this reduction in demand whilst still maintaining professional standards and high levels of customer satisfaction. This is possible because as a larger entity it has been able to absorb the reductions through:

- varying the numbers of employees engaged in service delivery across each client and targeting the mix of services most needed by the clients (for example to meet increases in demand for information governance and counter fraud services across a number of councils)
- selling services to external clients to maintain and expand the overall size of the business - this ensures that the overall infrastructure needed to maintain high quality services can continue to be supported.

2.10 As a larger entity, the group has also been able to manage short term fluctuations in demand and resource pressures. For example those caused by employee absences or requests for additional work. Veritau employees work across multiple sites and are moved around as needed to meet the demand for work.

2.11 The company model provides economies of scale across a range of areas. A number of examples are set out below.

- A low ratio of management and administration overheads to direct costs compared to smaller in-house teams.
- Common IT audit and fraud management systems in use across all clients - the use of remote access means that systems can be accessed from any site.
- Unified procedures are in place for the delivery of services as far as possible. This means that employees can undertake work interchangeably at all sites. It also means that changes in practice can be managed centrally - for example updates required to reflect changes in internal audit standards.
- Common work programmes are used across clients where possible, which makes delivery of work more efficient.

2.12 Undertaking work across a number of organisations has also brought other benefits. For example auditors that have developed knowledge and expertise in a specific service area at one site are used to undertake work more effectively at other clients. Veritau is also able to support the sharing of knowledge and good practice across clients where appropriate. A recent example includes the facilitation of meetings between clients using the same children's social care systems to share knowledge, experience and practice.

2.13 Veritau has developed a strong and growing identity as a public sector assurance services provider. When first formed, the company inherited five contracts to provide internal audit services to external bodies. These organisations were all based in the North Yorkshire area. Veritau currently provides services to more than 20 public sector bodies, including work in the north west and the midlands.

- 2.14 In 2010, Veritau was awarded the Cliff Nicholson award for Excellence in Public Service Audit by Cipfa in recognition of its innovative approach to sharing services.
- 2.15 In 2016, Veritau was also a finalist for the Institute of Revenues Rating and Valuation's (IRRV) award for excellence in counter fraud work. This related to the group's focus on delivering savings for its clients through counter fraud work, and innovation in the use of technology for delivering work across a range of clients. The company was shortlisted for the award again in 2017, for its approach to training and developing counter fraud staff.
- 2.16 Recruitment and retention continues to be an issue across the range of Veritau services. As Teckal companies, pay structures are closely aligned to local government rates. This presents a challenge as pay rates in the wider private sector are often significantly higher for similar roles. To help address this, the company places a strong emphasis on being a good employer and uses the flexibility it has as a private company to make it attractive to current and prospective staff. For example:
- The group has been accredited as an investor in people since June 2011.
 - The company operates a performance related pay scheme which offers all employees an opportunity to earn additional pay as a reward for good performance.
 - The company offers a high degree of flexibility around working patterns and home working.
 - The client base and range of services offers staff the opportunity to gain wider experience in different organisations and areas.
 - The company invests a significant amount in training and development - professional training is a particular strength.
- 2.17 To address issues with recruiting qualified professional staff (one of the drivers for forming Veritau) the group has taken an innovative approach based on the recruitment and internal development of graduate trainees across each service area. Veritau makes a significant investment in professional training - an option not generally available to smaller in-house teams. Bringing in talented trainees on a regular basis helps to maintain a sufficient level of well trained professional staff able to meet the demand for services. As noted above, Veritau's approach to professional training has been recognised by the IRRV. It was shortlisted for the second time in 2017 for their Excellence in Counter Fraud award for its framework for training and developing counter fraud staff. A number of former trainees have progressed into senior roles in the company. And it is currently looking to expand routes for progression further by offering management development opportunities.
- 2.18 In addition to professional training, the company offers opportunities for staff to undertake training in specialist areas. Historically, reliance was placed on expensive bought in support to provide IT audit work at some clients. Over the last few years the company has targeted IT audit training internally and has

been able to bring this work in-house. While retention of specialist staff is an issue (because they are attractive to other employers) the group is aiming to address this by increasing capacity and training. A specialist IT audit trainee was recently appointed and training is also being provided to four other employees.

- 2.19 Counter fraud is an area where the company has been particularly innovative. The counter fraud team inherited by Veritau from City of York Council in 2009 was principally a benefit fraud service. Since then the fraud team at Veritau has sought to diversify by broadening the range of investigations undertaken and transforming the service into a corporate fraud team. In its former role as a benefit fraud team, there was little scope to directly support councils through reducing losses - councils lost subsidy on benefit fraud overpayments and in most cases, customers were unable to pay overpayments identified. Focussing on other types of fraud affecting councils has meant that the team can concentrate on cases which make real savings. The level of benefit fraud investigated fell steadily between 2011 and March 2016, when responsibility for investigation transferred to the DWP. The change in focus has resulted in year on year increases in real savings identified for clients as a result of counter fraud work. In 2016/17 over £600k of savings were recovered for the member councils. And demand for counter fraud services from external clients continues to grow.

Value for Money

- 2.20 Charges for services to the member councils are based on a day rate - which is industry wide practice for this type of work. Rates have remained competitive since the creation of the company. In 2009/10 (the first year of operation) the rate charged was £225 per day. For 2017/18, the rate is £244 per day - an increase of only £19 per day (8.4%). Over the same period, CPI has risen by 19.7%.
- 2.21 In the latest benchmarking information available from Cipfa, the average cost of internal audit per chargeable day for the local authorities taking part in the exercise was £300².

Continuation of services beyond March 2019

- 2.22 Existing service contracts between Veritau and VNY and the shareholding councils are due to end on 31 March 2019. Each contract has an option for it to be extended by three years initially; with a further potential extension of two years (five years in total). The contracts require that the shareholding councils provide at least 12 months' notice of their intention to continue to require services after 31 March 2019. Therefore separate to the decision sought in this business case, each of the councils will also have to consider, before 31 March 2018, whether they wish to continue to buy assurance services through Veritau from April 2019.

2 Cipfa: benchmarking analysis - internal audit in local government (May 2015)

- 2.23 One option would be to invoke the initial extension clauses now - that is to confirm each of the service agreements would continue for a further three years from April 2019 (ie until March 2022). However, a further decision would need to be made before March 2021 about whether to invoke the second extension for two years. A decision about whether to continue to provide services after the end of the second extension would then need to be made almost immediately after that second extension commenced.
- 2.24 The principal purpose of Veritau and VNY is to act as a vehicle for the long term sharing of assurance services between the member councils. This has proved a successful model to date, which has continued to provide value for money. If the councils want to continue with this arrangement in the longer term, then a second option would be to agree new long term service agreements (rather than invoking the extensions) to run from April 2018 (to coincide with the proposed company merger). This would provide a long term commitment to the operation of the shared service which is needed for it to continue to plan and develop the business strategically. It also removes the need for additional work to review the arrangements again formally in the short to medium term, in order to consider contract extensions.
- 2.25 If the council no longer wished to continue to support the shared service using the Veritau model, then options would include the following.
- Bring the service in house. However, the problems originally sought to be addressed through the shared service will continue to exist. It would not be possible for the council to maintain the same level and quality of service without increasing cost.
 - Offer the services to the external market. This is likely to lead to a significant increase in cost and / or a significant reduction in quality of service. The quality of service and competitive rate offered through the arrangement with Veritau would be unsustainable in the longer term in a commercial arrangement. This option is also at odds with one of the key objectives set when Veritau was formed - for the shareholders to exercise a high degree of control and influence over the services.
 - Seek another vehicle for the delivery of a shared service. The options for delivery of the service remain broadly the same as when Veritau was created and the arguments for maintaining the company model remain valid. Changing the delivery model would pose a significant risk to the stability of current arrangements and is likely to result in significant costs in winding up, negotiating and creating a new vehicle with the other member councils.

Separate consultation on options for agreeing new service contracts will be undertaken with the shareholders in the next few months and a further report will be brought to the Executive in due course.

Proposal to merge Veritau Limited and VNY Limited

- 2.26 Paragraph 12 sets out the reasons for creating a separate company (VNY) in 2012. Essentially this was to avoid a complex exercise in valuing Veritau

Limited and requiring the purchase of shares by the new member councils (which would have represented a significant initial investment at the time); ensure the new members maintained sufficient control of the service in line with Teckal principles; and to provide a firebreak in case the new venture did not succeed. It also provided a level of reassurance to the staff transferring from the North Yorkshire Audit Partnership in that they could maintain a separate identity.

- 2.27 The current arrangement - operating Veritau and VNY as separate companies - has now been in place for over five years. And the provision of assurance services to the member district councils is well established as a long term commitment. However, the current arrangement is inefficient. Essentially Veritau operates as a single company, below board level. Terms and conditions, policies, procedures, and management arrangements are common across both companies. And VNY now only directly employs two audit staff. The majority of the work carried out for the district councils is undertaken by Veritau employees, necessitating an increasingly complex recharge of costs between the two companies. There are also overheads associated with maintaining two companies for example support for the operation of two sets of board meetings, separate financial accounting and audit arrangements, and separate insurance provision.
- 2.28 The original arguments for maintaining the provision of services through separate companies are now less relevant. The service to the district councils through VNY is well established so there is no longer a need for a firebreak. VNY has built up reserves in its own right. These would transfer to Veritau, obviating the need for additional investment from the district councils (see 39 below). And in practice, control over the existing (and a merged company) can be demonstrated through provisions in existing shareholders agreements (and any new agreement for a merged company) in addition to the level of share ownership.
- 2.29 Advantages to merging the companies into a single entity include the following.
- Operating one company will result in cash savings of >£10k pa in insurance, audit fees and support service costs. It will also reduce the significant management and administrative time spent supporting two companies (maintaining separate financial records, producing accounts, organising board meetings etc).
 - The corporate structure would align with the existing operating arrangements.
 - The new structure will demonstrate the shared commitment of all the member councils.

- It will strengthen the Teckal position by consolidating the value of services provided to the shareholders, reducing the risk that external work will exceed the 20% Teckal threshold³.
- It strengthens the financial position of the group - both companies financial position varies significantly from year to year due to pension fund valuations; combining reserves will help to offset the risk of significant increases in pension liabilities.
- It will help to present the business to prospective clients as the combined turnover and assets of the merged company would be greater.

The proposal

- 2.30 It is proposed to convert Veritau Limited into a single trading company providing services to its six member councils (and other external clients).
- 2.31 This will necessitate NYCC and CYC transferring a degree of control in Veritau Limited to the VNY member councils. If the proposal is accepted by all of the Veritau and VNY shareholders (and by both boards) then it can be achieved by a rights issue with new shares being granted to the district councils. New service agreements may be agreed (and existing agreements cancelled) or existing agreements with the current VNY novated. This will depend on the member councils' preferences for the provision of services beyond April 2019 (see paragraph 30). Other agreements (for example those allowing the use of the shareholders' accommodation) would be novated. The remaining VNY employees would transfer to Veritau. The arrangements for determining the actual cost of the services provided to each council (ie the daily fee rate) and the current operating arrangements would remain unchanged.
- 2.32 It is proposed that the new shareholding of Veritau Limited would be as follows:

	Shareholding
City of York Council	37.5%
North Yorkshire County Council	37.5%
Hambleton District Council	6.25%
Richmondshire District Council	6.25%
Ryedale District Council	6.25%
Selby District Council	6.25%

- 2.33 The proposed shareholding above provides the district councils with a level of control and influence over the company's strategic management, whilst also recognising the fact that CYC and NYCC are the current and founder members of Veritau. The overall split would be 75/25 between existing and new members of Veritau Limited. The proposed shareholding is broadly in line with the proportion of total equity from each company that would be brought

³ The value of external work undertaken by Veritau Limited currently represents approximately 10% of the company's turnover. For the combined entity the value of external work will reduce to 7.8%.

by each shareholder and is also broadly in line with the proportion of turnover from the VNY and Veritau shareholders⁴.

- 2.34 The change in shareholding in Veritau would be achieved by issuing additional shares to reflect the percentages above.
- 2.35 The assets and reserves of VNY will transfer to Veritau Limited following the reorganisation. Options for the transfer and whether to wind up or retain VNY limited as a dormant company are being discussed with professional advisors.
- 2.36 Following the transfer, Veritau Limited would have a reconstituted board consisting of two directors appointed each by NYCC and CYC, one director appointed by each district council and two executive directors. To keep the size of the board manageable and to ensure consistency the right of audit committee chairs to attend as observers would cease, as would the existing posts of independent non-executive directors for Veritau⁵.
- 2.37 Veritau Limited's Articles will be revised to reflect these changes and are currently being amended in accordance with the Companies Act 2006. The revised Articles shall be subject to approval by the shareholders.
- 2.38 It is proposed that Veritau Limited shall retain its current registered address of West Offices, Station Rise, York, YO1 6GA.

Timetable and decisions needed

- 2.39 It is intended to complete the merger of the two companies at the end of the current financial year in March 2018.
- 2.40 The formal company decision making process will include the following.
- Consideration of a business case by each company's board, resulting in the boards issuing special written resolutions to the shareholders for approval of the changes required.
 - These need to be approved unanimously within 28 days beginning on the circulation date.
 - Once the resolutions have been passed the boards can proceed to deal with the outstanding matters and may ratify the decision to merge.
- 2.41 In order to achieve the March deadline, the process above will need to commence in December 2017. In practice, approval of the merger will need to be given by the relevant decision making body at each member council in

4 Total equity of the companies at the end 2016/17 was £213k for Veritau and £149k for VNY (note that Veritau is a 50% shareholder of VNY). In 2017/18 budgeted turnover relating to the member councils is £1,105k for NYCC and CYC (73%) and £410k (27%) for the district councils.

5 There are no independent non-executive directors for VNY limited, and there is no provision for the attendance of audit committee chairs at the VNY board - this applies to Veritau only. The two independent director posts for Veritau were originally created to allow external support by company officers with experience of operating a business. The business is now well established and this support is no longer required. In practice, these posts have been vacant for a number of years.

advance of this commencing. This will ideally need to be completed by the end of November 2017. The decision required is:

- Approval in principle for the proposed reorganisation of the companies as set out in this business case. The decision should include delegation of responsibility to a Chief Officer to act as the nominated shareholder representative. The officer will be responsible for approving any resolutions issued by the companies' boards regarding the reorganisation, and for approving any related agreements (for example revised articles and the shareholders agreement). The officer should not be a director of Veritau Limited or Veritau North Yorkshire Limited. It is recommended that authority be delegated to the Chief Executive.

3. Legal/Financial Controls and other Policy matters

Legal Issues

- 3.1 The Veritau group companies (Veritau) were formed for the primary purpose of delivering and enhancing assurance services provided to the shareholding councils. To fulfil this aim the councils relied upon the Teckal exemption which enabled them to procure those services directly from Veritau without tendering. This also enabled the councils to retain control over the delivery of services. The new arrangement would continue to comply with Teckal arrangements as set out in the Public Contracts Regulations 2015. Further information on Teckal companies is included in **Appendix A**.

Financial Issues

- 3.2 There are no significant financial implications as a direct result of this report. The creation of the single trading company will be facilitated through a share issue which it is anticipated will be funded from a company dividend.
- 3.3 Conclusion of the merger will require renegotiation of current shareholders agreements, pension fund guarantees and other legal agreements. There will therefore be one-off legal costs associated with the changes. Total costs involved in administering the changes are expected to be in the region of £10k. These will be met by Veritau. An assessment of the effect on pension fund contributions for the merged company has already been undertaken. This indicates that there will be no significant change in pension fund contributions, which will continue to be met from the combined budgets of the merged company.

Impact Assessment

- 3.4 HR advice on the merger has been sought, and no significant issues with the transfer of employees from VNY to Veritau Limited are anticipated. No other impacts are anticipated.

4. Conclusion

- 4.1 It is proposed to convert Veritau Ltd into a single trading company providing services to its six member councils (and other external clients).
- 4.2 This will necessitate NYCC and CYC transferring a degree of control in Veritau Ltd to the VNY member councils. If the proposal is accepted by all of the Veritau and VNY shareholders (and by both boards) then it can be achieved by a rights issue with new shares being granted to the district councils. The existing VNY contracts would be novated and the remaining employees transferred from VNY to Veritau. The actual cost of the services provided to each council (ie the daily fee rate) and the current operating arrangements would remain unchanged.

5. Background Documents

None

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Appendices:

Appendix A - Teckal Companies

Teckal Companies

- A1 The Teckal exemption has now been incorporated into the Public Contracts Regulations 2015. Regulation 12(4) and (5) enables a number of contracting authorities to directly award contracts to a jointly owned company without undertaking a procurement exercise where the following criteria are satisfied:
- i. The contracting authority exercises jointly with other contracting authorities a control over the company which is similar to that which they exercise over their own departments. This includes the following:
 - The company board is made up of representatives of all participating contracting authorities;
 - Those contracting authorities are able to jointly exert decisive influence over the strategic objectives and significant decisions of the company; and
 - The company does not pursue any interest which are contrary to those of the controlling contracting authorities.
 - ii. more than 80% of the activities of that legal person are carried out in the performance of tasks entrusted to it by the controlling contracting authorities or by other legal persons controlled by the same contracting authorities; and
 - iii. there is no direct private capital participation in the company.
- A2 Both Veritau and VNY are Teckal companies. The new arrangement from April 2018 would also comply with the Teckal requirements. The exercise of control will be determined through the shareholders agreement (and Articles) which will set out the composition of the board of directors of the company, and requirements for any significant decisions to be subject to unanimous agreement by the shareholders.
- A3 In the event that the company wanted to provide services to contracting authorities other than the shareholding councils then it would be up to those organisations to consider, in accordance with their own procurement rules, whether to award a contract to the company. In such cases, the Teckal exemption would not apply as the company would not be a company controlled by those bodies. However, contracting authorities are able to collaborate to provide a service without undertaking a procurement exercise. This exemption is known as the “Hamburg Principle” and is set out in regulation 12(7) of the Public Contracts Regulations 2015. In order for the collaboration to comply the following conditions must be fulfilled:
- the co-operation between the participating contracting authorities must have the aim of ensuring that public services they have to perform are provided with a view to achieving objectives they have in common; and

- the implementation of that co-operation is governed solely by considerations relating to the public interest; and
- the participating contracting authorities perform on the open market less than 20% of the activities concerned by the co-operation.

A4 The Hamburg Principle therefore provides the opportunity for other non-shareholding contracting authorities to share in the benefits of a Teckal arrangement and deliver future services in a partnership environment.

Selby District Council

REPORT

Reference: E/17/33

Item 6 - Public



To:	The Executive
Date:	2 November 2017
Status:	Key Decision
Report Published:	25 October 2017
Author:	Peter Williams, Head of Finance
Executive Member:	Cllr Cliff Lunn, Executive Lead Member for Finance and Resources
Lead Officer:	Karen Iveson, Chief Finance Officer

Title: Financial Results and Budget Exceptions Report to 30 September 2017

Summary:

At the end of quarter 2, the full year forecast for the General Fund shows an estimated surplus of (£146k) ((£32.5k) quarter 1) and the HRA an estimated surplus of (£378k) ((£379k) quarter 1) against the approved budget. The main drivers of these variances are set out in Appendix A.

Planned savings for the year have already been achieved in the HRA. A number of General Fund savings have also been achieved in Q2, but there is still a further £51k of savings to be achieved in the remaining part of the year. Details of the planned savings and their status can be found in Appendix B.

The capital programme is currently forecasting an underspend of £2.05m, £0.48m on the General Fund programme and £1.57m on the HRA programme. Headlines can be found in the report below with a more detailed analysis in Appendix C.

Programme for Growth 3 was established as part of the budget setting process last year. A report was taken to Executive on the 7th September 2017 and to Overview and Scrutiny on the 28th September which provides a detailed view on the progress of P4G3. The next update is expected to be reported to the 7 December 2017 Executive. The Tour De Yorkshire event took place in April and work has begun on the strategic sites and progress made on the Visitor Economy, Healthy Living, Retail Experience STEP and grants to the Housing Trust. A summary of progress is set out in Appendix D.

Recommendation:

That the Executive endorse the actions of officers and note the contents of the report.

Reasons for recommendations

To ensure that budget exceptions are brought to the attention of the Executive in order to approve remedial action where necessary.

1. Introduction and background

1.1 The revenue budget was approved by Council on 21 February 2017:

Approved Budget	General Fund £000's	HRA £000's
Net Revenue Budget	11,644	11,016
Dwelling rents	0	(12,070)
Council Tax	(5,203)	0
Settlement Funding including RSG/NDR and other Grants	(5,062)	0
Collection Fund Surpluses	(262)	0
Savings Target	(740)	(140)
Net (deficit)/surplus transferred from/to reserves (GF – Business Rates Equalisation and HRA – Major Repairs)	(377)	1,194
Net Revenue Budget	0	0

2. The Report

2.1 Details of forecast variances against budget are set out at Appendix A.

General Fund Revenue

General Fund Account – Q2 2017	Budget £000's	Forecast £000's	Variance £000's
Net Revenue Budget	11,644	11,479	(165)
Settlement Funding including RSG/NDR and other Grants	(5,062)	(5,067)	(5)
Amount to be met from Council Tax	6,582	6,412	(170)
Council Tax	(5,203)	(5,203)	0
Collection Fund Surpluses	(262)	(262)	0
Shortfall/(Surplus)	1,117	947	(170)
Savings Target	(740)	(719)	21
Net Surplus / (Deficit) transferred from Business Rates Equalisation Reserve	(377)	(228)	149
Net Revenue Budget	0	0	0

2.2 The main forecasted variances against the General Fund surplus are:-

- Salary savings of (£133k) across services is driven principally by delays in recruitment to the structure and a post which will no longer be recruited to in this financial year. This position is likely to change over the course of the year and will be closely monitored.
- Overall there are anticipated savings across the waste and recycling contract. Whilst there are increases in contractor costs to reflect higher inflation indexation to that forecasted when the budget was set, these are offset by increased income streams (including sales of bins for new developments, continued proactive marketing of the commercial waste service and recycling income influenced by global prices) giving a net (£38k) saving.
- Investment income is anticipated to exceed target by (£40k), due to buoyant cash balances. This is a prudent position based on anticipated increase in spend in the second half of the year.
- Lifeline service income - a continued reduction in the Supporting People Grant due to assessment criteria changes has resulted in a shortfall of £52k. In addition to this, despite efforts to increase take up, private payers income has still not achieved target, resulting in a shortfall of £30k, which has been mitigated by a £30k reduction in salaries above.

- Benefit Admin Grant £40k, anticipated overall shortfall in admin grant due to reductions in central allocations. We have received further grants for other projects for which the work will be absorbed in to the current structure.
- There are various additional over and underspends that contribute to the overall position including recharges to Ryedale DC for Communications and HR support of which have a potential impact of (£61k).
- Renewables business rates income has been confirmed for 2017/18 at £7.5m. This funding is to be transferred to replenish earmarked reserves applied to finance the pension fund deficit in 2016/17.

Housing Revenue Account

Housing Revenue Account – Q2 2017/18	Budget £000's	Forecast £000's	Variance £000's
Net Revenue Budget	11,016	10,771	(245)
Dwelling Rents	(12,070)	(12,126)	(56)
Shortfall / (Surplus)	(1,054)	(1,355)	(301)
Savings Target	(140)	(217)	(77)
Net Surplus / (Deficit) transferred to Major Repairs Reserve	1,194	1,572	378
Net Revenue Budget	0	0	0

2.3 The HRA is anticipating a surplus of £378k. The HRA surplus will be transferred to the Major Repairs Reserve at year end to support the long term management, maintenance and development of council housing. The main forecast variances against budget are:-

- Although the position may change driven by development opportunities, savings by not taking on any external borrowing will save approximately (£223k).
- The planned saving expected from the pension deficit reduction is (£77k) higher than anticipated.
- Housing rents are on target to exceed budget by (£56k), this position is likely to change as it is influenced by sales, void turnaround time and new tenancies commencing at target rent.
- In correlation with the General Fund, investment income is anticipated to be (£10k) higher than budgeted.

Savings

- 2.4 The General Fund has a planned savings target of £740k agreed as part of the 2017/18 budget process. Forecasts indicate that we will achieve a saving of £719K against this total. A shortfall is expected in Asset Rationalisation which will generate a saving of £26k from the new tenant in the ex Profiles Gym against a target of £50k for the year. There remains uncertainty around the timing and agreement of the SDHT loans, so the budgeted £30k saving for this remains a risk at the present time.
- 2.5 Savings have been achieved in pest control, PFI, MRP and Pension Fund Deficit.
- 2.6 Overall there is an additional £21k savings required to find to meet the target. This should be more than covered by the general fund surplus which is currently forecast. HRA savings for the year have been exceeded from its share of the Pension Fund Deficit.
- 2.7 Further details of planned savings can be found in Appendix B.

Capital Programme

- 2.8 The capital programme is currently forecasting an underspend of up to £2.049m in year although a large proportion may be required to be carried forward to complete programmes in the new year, £0.48m on the General Fund programme and £1.57m on the HRA programme.
- 2.9 At the half year point, there has been limited spend with the General Fund capital programme although designs, tenders and quote requests are being progressed for several schemes including the car park improvement programme.
- 2.10 Current forecast spend is £6.92m against a budgeted spend of £6.57m. This is mainly driven by forecasted savings on the Police Co-location Project (£184k) and the Disabled Facilities Grant programme (£194k).
- 2.11 The co-location project budget reflects the value of the business case approved by Executive at £415k but this has since been revised and reduced to £229k due to the police covering the capital cost of their part of the scheme (Option 2 of the original report).
- 2.12 The DFG grant allocation is paid through the Better Care Fund and this year has seen an increase in the grant monies received. In 2017/18 the Better Care allocation is £379,000, compared with the 16/17 allocation of £346,000. This coupled with our own investment and monies carried forward for committed works provides a total of £574,000 available to spend. The expected spend at this stage is projected to be £380,000.

- 2.13 The increase in funding allows us to offer a more flexible grant provision and the expectation is that that Local Housing Authorities will work closely with colleagues in NYCC and in Health to determine where the additional money is best spent. Currently we are only able to offer Mandatory Grants of up to £30,000. Most grants administered are for less than £3,000 and we are able to meet demand without the need for a waiting list, to date we have not actively promoted grants due to limited budget being available. In order to introduce more flexible, discretionary grants we need to update our Private Sector Assistance Policy and state how we intend to use the money. The private sector stock condition survey that we have recently completed will help us understand where the spend can be targeted and this would be done in consultation with our Better Care Fund partners and a review of the DFG service has commenced, this will help to ensure that the additional funding is spent and delivers maximum benefits for local residents.
- 2.14 Good progress is being made on several schemes within the HRA capital programme which shows a forecast spend of £4.54m against a budget of £6.11m. This variance is driven by sizable savings on boiler replacements from failures as a result of the good standard of boilers installed over the past few years; and the Environmental Improvement Plan where eligibility criteria is being considered prior to seeking wider engagement.
- 2.15 Stage 1 of the consultation work that links in to the roofing and pointing schemes, has been completed with residents at Tadcaster. It is anticipated that the work on site will not begin before May 2018 and therefore £1.036m will require carrying forward to 2018/19. The Housing development scheme at Byram Park Road is expected to commence on site during December, there has been a slight delay due to changes in the design of the scheme following planning feedback.

Programme for Growth

- 2.16 Approved as part of the budget setting exercise for 2017/18, P4G3 has commenced with a targeted suite of 5 programme themes established including Town Regeneration; Tourism & Culture; Housing; Infrastructure and Business. Work also continues on schemes carried forward from 2016/17 including growing Enterprise; Marketing Selby USP; Strategic Sites and the completion of the Sherburn all weather pitch.
- 2.17 The next quarterly update is to be presented to the Executive on 7 December 2017 which will provide a more detailed view on P4G.

- 2.18 At the end of Q2 the Programme for Growth is showing a forecasted underspend in the year of £115k, with a spend of £2.3m against £2.4m in the budget.
- 2.19 Appendix D provides a financial breakdown of the current programme.
- 2.20 In the Q1 Budget Monitoring report, we indicated that a level of slippage was anticipated in the current year, and this is now reflected in the report. The main drivers of this are the Access to Employment, Green Energy and Retail Experience – STEP projects which are all now expected to deliver over a 2 year period.

3. Legal/Financial Controls and other Policy matters

Legal Issues

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

Financial Issues

- 3.2 The financial issues are highlighted in the report. The revenue position will change over the course of the year as more detailed data becomes available largely resulting from the likelihood of additional income from increased demand for services countered by increased costs – performance will be monitored closely and remedial action will be taken or proposed to the Executive should this be necessary.
- 3.3 Forecasts are based on information available and subject to change as the year progresses, officers monitor actual income and expenditure against budget and forecasts will be refined as necessary. There are contingencies within the budgets to cope with unforeseen pressures.

4. Conclusions

- 4.1 At the end of quarter 2, the outturn is indicating a surplus in both the General Fund and HRA which demonstrates that the Council's spending plans for the year are fully supported and progress against the savings plan is broadly on track.
- 4.2 At the halfway stage in the year some savings are forecast on the capital programme and some projects will complete in 2018/19.
- 4.3 The new Programme for Growth is taking shape and resources are in place to begin delivering approved projects although some projects will slip into next year.

Appendices:

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

Appendix B – General Fund and Housing Revenue Account Savings

Appendix C – General Fund and Housing Revenue Account Capital Programme

Appendix D – Programme for Growth

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BUDGET EXCEPTIONS REPORT

April 2017 - September 2017

General Fund Income

Budget Description	Annual Budget £000's	Year -End Variance £000's	One-Off/ On-going	Comments
Investment Income	(100)	(40)	On-going	Earnings from investments are currently expecting to exceed budget, this is due to buoyant cash balances, this will be closely monitored as current interest rate returns may not be achieved going forward.
Customer & Client Receipts	(4,511)	(166)	On-going	Recycling & Waste Collection income is a key driver of this variance due to latest forecasts on recycling activity and prices, demand for new bins for housing development sites and the continued proactive marketing of the commercial waste service (£67k). Other variances include a backdated recharge of officer time to Ryedale DC for HR support (£31k) and an unbudgeted charge for current year Marketing Support (£30k), increase in forecasted Council Tax collection court costs & summons due to current trends (£28k). (£22k) was received into the Cabinet Office allocation for electoral registration which is offset by costs within supplies and services. This is offset by an anticipated shortfall in private payer lifeline income £30k, the service is reviewing its products and offer to customers in line with market demands in addition recruitment is being carefully managed to mitigate the impact and telecare income is expected to exceed budget by (£6k).
Government Grants	(17,800)	92	On-going	This shortfall is due to the continued fall of Supporting People Grant £52k, this continued reduction from on-going assessment is not currently being met by private payers. From 1 April 2018 this funding will end completely. The service is constantly looking to expand its customer base balanced with finding operating efficiencies. Continued shortfall of housing benefit admin subsidy £40k.
Other Government Grant	(2,220)	(5)	One Off	NHB Returned Funding Grant 17/18 £5k
Total Variance - General Fund Income		(119)		

General Fund Expenditure

Budget Description	Annual Budget £000's	Year -End Variance £000's	One-Off/ On-going	Comments
Employees	8,933	(133)	On-going	Anticipating a saving on salaries as the new structure recruitment process is completed, a number of vacancies are yet to be filled and the recruitment process continues to fill these roles. Vacancies are being carefully managed to also mitigate other service risks such as the lifeline service. It is likely that further savings will be identified through the remainder of the year that further supplement this position.
Premises	340	3	On-going	Various over and underspends through maintenance and repairs
Supplies & Services	10,574	95	On-going	There are numerous variances that make up this shortfall, the majority of which is made up of, £30k overspend due to canvassing but is offset by a grant from the Cabinet office to cover the majority of cost £22k. Waste and Recycling contract charges £29k, the environmental services contract indexation is applied on the contract anniversary each October and budgets are set based on prior years inflation forecasts. Inflation during 17/18 is higher than that estimated and as such contract costs are forecasted to be higher than budget, increased income from commercial waste and recycling collection over compensate for this shortfall based on latest forecasts. The North Yorkshire Procurement Partnership contract has been renegotiated, giving an annual cost of £12k, this budget was inadvertently removed as part of the restructure process to support a post that was later excluded. A £23k shortfall is estimated for banks charges in relation to the volume of card payments made to the authority.
Transport	155	(8)	On-going	Anticipated saving on travel costs in conjunction with vacancies across services.
Third Party Payments	37	(5)	one-off	Small saving anticipated on the annual contribution to the Home Improvement Agency.
Savings Target	-424	21	On-going	Small shortfall in the planned savings target, asset rationalisation will not achieve its target for the year due to part year rental of profile gym, but other savings proposals are being developed by officers.
Total Variance - General Fund Expenditure		(27)		
Total Variances - General Fund		(146)		

Housing Revenue Account Income

Budget Description	Annual Budget £000's	Year -End Variance £000's	One-Off/ On-going	Comments
Investment Income	(25)	(10)	On-going	See previous GF explanation
Housing Rents	(12,070)	(56)	On-going	The current forecast suggests an improved position over budget. The final variance will be influenced by the number of sales (12 to the end of Q2) the void turnaround time and new tenancies set at target rent.
Customer & Client Receipts	(143)	6	On-going	Expecting a shortfall in hostel rents and utility recharges which aligns to low numbers of accepted homeless cases.
Total Variance - HRA Income		(60)		

Housing Revenue Account Expenditure

Budget Description	Annual Budget £000's	Year -End Variance £000's	One-Off/ On-going	Comments
Premises	742	(15)	On-going	Numerous smaller items make up this variance, there are anticipated savings on solid fuel servicing (£11k), community Centre utilities, repairs & maintenance (£9k) offset by a £5k estimated shortfall in gas servicing due to an increase in gas users compared to solid fuel.
Transport	117	(3)	On-going	Anticipated fuel savings on the current vehicle fleet.
External Interest Payable	2,638	(223)	On-going	This saving is based on the assumption that no external borrowing will be taken out for new developments within the HRA this financial year, the use of internal borrowing (using cash reserves) is anticipated rather than PWLB borrowing.
Pension deficit reduction savings	(140)	(77)	On-going	The reduction in pension deficit payments in the HRA as a result of the payment made in 16/17 is higher than anticipated in the budget.
Total Variance - HRA Expenditure		(318)		
Total Variances - HRA		(378)		

SAVINGS PLAN

Indicative Profile - GF

Potential Saving	Sponsor	2017/18 £000's	2018/19 £000's	2019/20 £000's	Original Risk	October 2017 Update	Current Risk
Pest Control	KC	15	15	15	Low	Contract completed - charge for rats passed on to customers	Low
Income generation	SR	0	0	185	High	Project not yet started. Project to commence Q2 2017/18 with a root and branch review of our approach to fees and charges. Aim to develop proposals for delivery in 2019/20.	High
Process improvements /on-line transactions	JS	0	70	91	Medium	First phase of Housing Management System estimated for implementation April 2018 but full implementation of all modules expected to take 2 years. Delivery will be in line with the project plan yet to be finalised with the supplier. Project brief for digital transformation project (channel shift) approved at ELT. Business case being developed which will include specific estimates of savings.	Medium
Planning service review	JC	0	200	200	Medium	To date there have been no fee refunds issued, but further work is required to quantify the impact. Form 1 July Approval has been granted to recharge for viability assessments and depending upon requirements could recover up to £30k for 17/18. The Planning sub-committee has been stopped which generates internal efficiencies and savings on Member expenses Income from. Pre-application advice is increasing in line with proposals for prospective major developments to an estimated £40k in 2017/18. A small savings on consultation fees is expected of £10k. High workloads relating to listed building/ conservation work mean that other projected savings are unlikely to be delivered at the present time.	High
Asset rationalisation	JS	26	100	100	Medium	A bid has been put forward for the 2018/19 budget to bring contact centre to the Civic Centre. This project will be dependent on that bid progressing as well as being subject to negotiation on Market Cross lease. There is potential to sub-let after relocation of contact centre to Civic Centre but dependent upon completion of extension - if achievable. Budget indicates first saving on this likely to be 2019/20. Ex Profiles Gym has been let to a tenant which will generate £26k in the current year and £40k in future years.	High
Commissioning & collaboration	JS	0	0	80	High	The savings in this area expected in 2019/20 have not yet been identified.	High

SAVINGS PLAN

New SDHT Loans	DC	30	60	100	High	Support for new build acquisitions at Ousegate Selby agreed and now subject to contract with developer. A detailed business case for the development of a new 5-unit scheme at Riccall will soon be submitted to the Executive for approval. A revised Housing Development Programme will also shortly be presented for discussion, which is expected to increase scope, ambition and opportunities for lending significantly.	High
Lending to third parties	DC	0	0	40	High	This work will be considered as adoption of the Economic Development Strategy is achieved, and the Programme 4 Growth 3 is developed.	High
Programme for Growth	DC	0	0	250	High	Work on a new Site & Premises Register will shortly be initiated, and extensive consultation with local small-medium sized enterprises is ongoing. This is expected to highlight a lack of high-quality incubation space throughout the District, and provide potential investment opportunities	High
Tax Base Growth	DC	0	50	75	Medium	Planning income has risen and the Council is investing significantly in capacity to deliver its ambitious growth agenda. Indicative tax base at June 2017 a growth in the tax base of 130.2 properties since April 17.	Medium
Business Rates Growth	DC	0	0	200	High	A new Economic Development team has recently been recruited who will deliver the Council's Economic Development Strategy and proactively foster new inward investment and indigenous business growth.	High
PFI	KI	57	60	60	Low	Completed	Low
MRP	KI	185	185	185	Low	Completed	Low
Pension Fund Deficit	KI	406	419	433	Low	Completed	Low
Total Savings		719	1,159	2,014			
Assumed Savings Target		740	1,053	1,698			
Surplus / (Shortfall)		- 21	106	316			

NB Low risk savings assumed to be delivered at 100%

SAVINGS PLAN

Indicative Profile - HRA

Potential Saving	Sponsor	2017/18 £000's	2018/19 £000's	2019/20 £000's	Risk	October 2017 Update	Current Risk
Process improvements /on-line transactions	JS	0	5	194	Medium	First phase of Housing Management System estimated for implementation April 2018 but full implementation of all modules expected to take 2 years. Efficiencies to be realised through automation and better access/workflow - baseline position for key processes will be mapped as part of early preliminary work to enable an estimate of benefits and likely realisation timescale. Delivery will be in line with the project plan yet to be finalised with the supplier.	High
Commissioning & collaboration	JS	0	0	20	High		High
Pension Fund Deficit	KI	217	226	235	Low	Completed	Low
Total		217	231	449			
Assumed Savings Target		140	148	310			
Surplus / (Shortfall)		77	83	140			

Low risk savings assumed to be delivered at 100%

General Fund	Annual Budget	Year to date Budget	Year to date Actual	Year to date Variance	Forecast	Forecast Variance	Comments
Sport Grounds Improvement Works	30,000.00	0.00	0.00	0.00	24,000.00	(6,000.00)	Refurbishment of Denison Road Changing Rooms completed - awaiting invoice for works.
Selby Park Improvement Work	45,000.00	0.00	0.00	0.00	45,000.00	0.00	Programme includes two distinct elements - rebuilding a wall which is in a poor state of repair and upgrading the lighting. Works to the lighting is linked to the wider town centre strategy so is currently on hold pending the outcome of discussions. The contract to rebuild the wall has been awarded and works will commence in February/March 2018.
Asset Management Plan - Leisure & Parks	2,940.00	0.00	0.00	0.00	0.00	(2,940.00)	IHL have completed inspections of the items in the planned maintenance programme for 2018/19. No works are required at this time and so these items have been deferred for a further 12 months.
Industrial Units - Road Adoption	325,000.00	0.00	0.00	0.00	325,000.00	0.00	Work towards this scheme has not yet commenced.
Portholme Road Culvert	288,734.00	0.00	3,968.00	3,968.00	288,734.00	0.00	At detailed design stage and final tender, issues were with utilities not being where plans stated. Will require going under Portholme Road and will be pushed back until after the Police move to avoid disrupting emergency traffic.
Bus Station Refurbishment	53,000.00	0.00	0.00	0.00	53,000.00	0.00	Works to improve the bus station are linked to the emerging town centre strategy so have not commenced.
Police Co-Location Project	413,450.00	0.00	0.00	0.00	229,708.00	(183,742.00)	The co-location project budget reflects the value of the business case approved by Executive in July 2016 but has been reduced and revised due to the Police covering their own capital costs (option2). Contracts are still being finalised with NYP and the NHS which include access and the construction contracts. It is anticipated work will start on site in November, completion and fitting out of the extension and adaptations will be completed by May 2018.
Industrial Units Maintenance	47,000.00	0.00	0.00	0.00	47,000.00	0.00	A detailed programme of improvements has recently been finalised and quotations for undertaking various elements of the works will shortly be sought.
Car Park Improvement Programme	300,000.00	0.00	0.00	0.00	300,000.00	0.00	Groundwork have been commissioned to prepare designs for three priority car parks in the town centre. Currently awaiting surveys etc., to inform detailed design proposals. Tree work due to commence.
Website Development (Webchat)	10,000.00	0.00	0.00	0.00	8,500.00	(1,500.00)	The business case for Webchat didn't not represent Value for Money. However, funding will be used for necessary changes to the website to support Digital Transformation and Channel Shift. Likely timescale End 17/18, early 18/19.
DIP System upgrade	20,000.00	0.00	0.00	0.00	15,000.00	(5,000.00)	Discussions underway with software suppliers to integrate the document management system with back office software (API) This links to the channel shift project and the development of e-forms. £20k will be committed for this project in Quarter 3
GIS System	100,000.00	20,000.00	8,784.00	(11,216.00)	100,000.00	0.00	Business Case approved and project progressing with 120 GIS layers now available and the terrier maps scanned. Delivery of the project runs through to June 2018. Remaining budget is allocated to: Terrier Map scanning £4k (Oct 17) Planning Maps scanning £5k (Dec 17) Purchase of the Land Registry Layer £5k (Nov 17) Training for system roll out £10k (Jan 18) Additional Licences £10k Tender for scanning and indexing property deed packets £55k (Feb 18).
Benefits & Taxation System upgrade	75,000.00	0.00	0.00	0.00	35,000.00	(40,000.00)	This links to the recommendations identified in the Revs & Bens service review and the Digital Transformation projects on channel shift. The business case has been written for channel shift with the emphasis on web forms and a customer portal. We are still waiting for costings following demos. It is the intention that this money will be committed for phase 1 of the Channel shift project by Quarter 3. £4.5k is committed for overpayments and subsidy modules
IDOX Planning System	60,000.00	0.00	0.00	0.00	30,000.00	(30,000.00)	Discussions with the Planning Service and D&S to start following the planning review recommendations report. Scoping the requirements will commence in Q2 alongside discussions with the software suppliers. The introduction of Enterprise workflow and Uniform 11 upgrade will mean that £20k will be committed in Quarter 3.

2017/18 Selby District Council Capital Programme - To 30 September 2017

General Fund	Annual Budget	Year to date Budget	Year to date Actual	Year to date Variance	Forecast	Forecast Variance	Comments
Committee Management System	18,000.00	0.00	0.00	0.00	18,000.00	0.00	Currently assessing current providers by visiting other authorities. Following this process, specification for tendering will be put together.
Northgate Revs & Bens	7,730.00	3,865.00	10,885.00	7,020.00	10,885.00	3,155.00	Committed £5750 for changes to Victoria Forms. Committed £3155 for changes to SBRR
Software/Hardware	11,490.00	5,745.00	1,840.00	(3,905.00)	11,000.00	(490.00)	£11k allocated to ELT for new devices which have now been implemented.
Electronic Payments Project	46,680.00	950.00	950.00	0.00	30,000.00	(16,680.00)	Linked to the Digital Transformation project. Awaiting costings from software suppliers before completing the Business Case with recommendations. Actual costs and committed spend will be understood throughout Quarter 2. £950 committed to validate Sundry Debt transactions
Servers - ICT Infrastructure Replacement	88,751.00	44,376.00	33,557.00	(10,819.00)	88,751.00	0.00	£25k has been spent on upgrading the SAN storage and £9k to increase the number of remote licences. This enables greater resilience and flexibility to our ICT Infrastructure. The remaining funding is allocated to the purchase of Microsoft Licences for which discussions are underway with suppliers.
Environmental Health System	5,000.00	2,500.00	6,850.00	4,350.00	6,850.00	1,850.00	M3 software will be upgraded in August 17 with £2000 committed. Oracle 12c upgrade for PSN compliance has been scheduled for Quarter 3 at a cost of £2000, similarly likely to overspend which can be managed through savings.
Councillor Tablets	18,340.00	0.00	0.00	0.00	19,546.00	1,206.00	PO to be raised to NYCC for tablets, small overspend to be managed from savings on other schemes.
Mobile Working Solution	249,800.00	0.00	0.00	0.00	249,800.00	0.00	Paper being submitted in November to ELT to progress with Modern Office Programme which will provide a top line plan for costs, timescales and implementation. Envisage the large majority of these costs to arise in next year 18/19 following full approval from ELT.
Housing & Asset Management System	511,780.00	0.00	0.00	0.00	511,780.00	0.00	The tender evaluation has been completed and the contract has been awarded to Civica. Workshops arranged to discuss and progress the implementation.
ICT - Infrastructure Costs	60,000.00	0.00	0.00	0.00	60,000.00	0.00	On track awaiting NYCC invoicing - £40k is allocated to purchase upgraded ESXI hardware and a further £5k is allocated to replace our SAN Switch Ports in 17/18. The remaining £15k is allocated to make Infrastructure and DR improvements such as increasing the Wi-Fi connectivity.
ICT - Desktop Replacement Programme	17,500.00	8,750.00	9,881.00	1,131.00	17,500.00	0.00	Due to the age of our equipment the remaining budget is allocated to purchasing IT hardware for Officers when equipment fails during 17/18. £10k spent on equipment for new starters in the re-structure
Private Sector - Home Improvement Loans	46,500.00	23,250.00	(800.00)	(24,050.00)	38,750.00	(7,750.00)	A number of loans are being processed and we would still expect to meet at least the forecast spend by year end. A number of loans continue to be repaid in line with loan conditions. All repayments are recycled for re-use in the private sector which allows us to support additional vulnerable households with urgent repairs/improvements.
Disabled Facilities Grants	573,958.00	286,979.00	53,621.00	(233,358.00)	380,000.00	(193,958.00)	The current DFG programme is expected to spend around £400k by year end. Spend on mandatory private sector DFGs has slowed a little recently due to staff changes at the Home Improvement Agency (HIA) amid uncertainty around the future funding of the HIA service. A review of the DFG service has commenced to consider this uncertainty and to also look at how the service can be expanded in line with the additional resources made available through the Better Care Fund.
New Build Projects	3,493,360	0	0	0	3,493,360	0	Funding available to support loans to the Housing Trust, it is anticipated that contracts for the development of a site in Riccall for 5 properties will be signed off on 27 October for work to commence 13 November. Progress on other schemes will be reported when further information is available.
	6,919,013.00	396,415.00	129,536.00	(266,879.00)	6,437,164.00	(481,849.00)	

2017/18 Selby District Council Capital Programme - To 30 September 2017

Housing Revenue Account	Annual Budget	Year to date Budget	Year to date Actual	Year to date Variance	Forecast	Forecast Variance	Comments
Kitchen Replacements	140,000.00	0.00	5,300.00	5,300.00	140,000.00	0.00	Works commenced on site 9th October 2017. Programme scheduled for completion 15th December 2017.
Pointing Works	853,994.00	0.00	2,585.00	2,585.00	336,000.00	(517,994.00)	Contract kick start meeting held on 10th October 2017. Works programmed to commence on 8th January 2018 with completion scheduled of first tranche by 17th March 2018. Budget linked to roofing replacement below, as costs for pointing works included within that project to be funded from this stream. Realignment of budget between financial years will be required.
Electrical Rewires	240,000.00	120,000.00	65,522.00	(54,478.00)	220,000.00	(20,000.00)	Rolling programme of works.
Bathroom Replacements	30,000.00	0.00	690.00	690.00	30,000.00	0.00	Programme to commence in January 2018. Looking to roll 2017/18 budget in with 2018/19 budget to implement a larger programme of improvements.
Asbestos Surveys	30,000.00	0.00	0.00	0.00	30,000.00	0.00	Work is being progressing linking to the new Housing management system. The new Asbestos module is being progressed as a priority and the new supplier will us this module.
External Cyclical Repairs (Painting & Windows)	160,000.00	0.00	(1,692.00)	(1,692.00)	160,000.00	0.00	Preparation of tender documentation currently underway. Programme to be run concurrently with door replacement programme. Works anticipated to commence January 2018.
Central Heating System Replacements	545,000.00	87,500.00	51,851.00	(35,649.00)	175,000.00	(370,000.00)	Significant savings anticipated this year due lower than expected system failures resulting from improved standard of boilers installed over the last few years. A programme of 'just in time' replacements is scheduled to commence in January 2018 as system failures become evident during the winter months.
Roof Replacements	532,650.00	0.00	5,106.00	5,106.00	15,000.00	(517,650.00)	Stage 1 Section 20 leaseholder consultation complete. Tender preparation currently underway. Indicative programme of tender process and conclusion of leaseholder consultation will result in start on site circa May 2018. Element of works package will be funded through pointing budget as per commentary above. Realignment of budget between financial years will be required.
Damp Works	220,000.00	110,000.00	91,263.00	(18,737.00)	210,000.00	(10,000.00)	Work continues with a mix of programmed and responsive works including some prevention measures (improving ventilation).
External Door Replacements	130,000.00	15,000.00	13,729.00	(1,271.00)	130,000.00	0.00	Preparation of tender documentation currently underway. Programme to be run concurrently with painting and window programme as per commentary above. Works anticipated to commence January 2018.
Void Property Repairs	65,000.00	32,500.00	31,872.00	(628.00)	65,000.00	0.00	work ongoing
Fencing Programme	50,232.00	10,000.00	11,653.00	1,653.00	50,000.00	(232.00)	Programme of one-off replacements already completed. Works to finalise main programme underway - awaiting health and safety information from statutory service providers. Programme scheduled to commence in November 2017.
St Wilfrid's Court	13,000.00	0.00	0.00	0.00	13,000.00	0.00	Upgrades to the Lifeline system have not progressed.
Laurie Backhouse Court	28,000.00	0.00	(17,069.00)	(17,069.00)	29,000.00	1,000.00	M&E specialist appointed to oversee drawing up of detailed specification, contractor selection and installation on site. Awaiting confirmation of programme.
Environmental Improvement Plan	182,555.00	35,000.00	29,332.00	(5,668.00)	70,000.00	(112,555.00)	Currently developing eligibility criteria for projects to be considered for funding under this budget stream. Proposals to be presented to JR/ST on 13th October 2017, prior to seeking wider engagement from others within SDC and beyond.
Housing Development Project	53,180.00	53,180.00	34,747.00	(18,433.00)	34,747.00	(18,433.00)	Savings from the Byram Park Road Flats site clearance
Garage Sites	20,000.00	10,000.00	1,650.00	(8,350.00)	20,000.00	0.00	Upgrade works on going
Ousegate Hostel	60,000.00	0.00	0.00	0.00	60,000.00	0.00	Proposals for improvement programme to be discussed at meeting on 12th October 2017. Potential works include replacement kitchens, bathrooms, re-decoration etc.
Footpath Repairs	30,000.00	5,000.00	4,735.00	(265.00)	30,000.00	0.00	A programme of inspections is currently underway to identify the scope and scale of works required. Potential to link this budget with the estate enhancement budget to provide a comprehensive improvement programme to our estates. A specification and tender is currently being prepared. Works are anticipated to commence in January 2018.
Estate Enhancements	133,000.00	66,500.00	9,025.00	(57,475.00)	133,000.00	0.00	See above comments.
Phase 1 Hsg Dev. Byram / Eggborough Bungalows	981,640.00	981,640.00	899,906.00	(81,734.00)	980,000.00	(1,640.00)	Scheme complete for the provision of 15 bungalows in Byram & Eggborough and occupied, last valuation and retention fees left to pay.
Phase 2 Hsg Dev. Byram Park Road	1,612,000.00	0.00	6,123.00	6,123.00	1,612,000.00	0.00	Scheme has been approved by the Executive and is now making changes to the design of the scheme after planning feedback. The HCA are looking favourably at supporting the scheme but as yet there has not been any financial commitment from them. The scheme is still anticipated to start on site during December.
	6,110,251.00	1,526,320.00	1,246,328.00	(279,992.00)	4,542,747.00	(1,567,504.00)	
Total Capital Programme	13,029,264.00	1,922,735.00	1,375,864.00	(546,871.00)	10,979,911.00	(2,049,353.00)	

Programme for Growth 2017/18 Financial Year Project Updates - To 30 September 2017

Project	Lead Officer	Budget £	Spend to date £	Forecast £	Forecast Variance £	Update
Towns Masterplanning	Angela Crossland	150,000	0	150,000	0	Project Brief shared with Lead Members and Leadership Team. Anticipated commissioning process October/November with commitments from Nov/Dec 17. Project Initiation to follow Plan Selby public consultations. Anticipated for Jan/Feb 2018
Visitor Economy	Angela Crossland	270,000	195,000	287,045	17,045	Make it York now commissioned to produce VE strategy and action plan. Timeline on track to complete for February 2018. Projects flowing from the action plans will be subject to individual business case. Early events programmes developing outside of P4G fund. Available on SDC website and promoted through social media. Impressions analysis available.
Stepping Up' Housing Delivery	James Cokeham	50,000	138	50,000	0	Project discussed with Local Partnerships, brief developed and draft proposal submitted. Agreed with Portfolio Holder to place project on hold until appointment of a new Housing & Regeneration team later in the year.
Olympia Park	James Cokeham	200,000	0	200,000	0	Due diligence work on deliverability of the original site masterplan is due to conclude in early August. This work will be presented to the Executive, with a new approach to the site outlined. If this is supported, this project will fund feasibility and preparation of a significant bid to the Homes & Communities Agency through the Housing Infrastructure Fund.
Strategic Sites Masterplanning	James Cokeham	391,755	143,917	391,755	0	Masterplanning work on strategic sites is underway, including Olympia Park Due Diligence Reports. Likely projects will include strategic infrastructure response to Sherburn Employment sites.
Access to Employment	James Cokeham	100,000	0	50,000	-50,000	Liaison with local businesses has emphasised the increasing severity of labour market challenges at Sherburn-in-Elmet. This will likely be exacerbated by the impending development of S2. A Business Forum will be established by the Council's new Senior Inward Investment Officer to fully understand the scope of the issue - this project will then fund a response (along with, it is envisaged, private sector contributions). This project will now run over 2 years.
Green Energy	James Cokeham	50,000	0	25,000	-25,000	This project will be developed in more detail following recent recruitment in the Economic Development team and Head of Finance's attendance at an APSE demonstration event in Swindon (18/07/17). This project is expected to begin later in the year and run into 2018/19.

Project	Lead Officer	Budget £	Spend to date £	Forecast £	Forecast Variance £	Update
Growing Enterprise	James Cokeham	85,000	2,109	83,900	-1,100	Match funding contributions paid to EU Leeds City Region business support programmes - AD:Venture & Digital Enterprise. This project will fund small business support activity. A brief is being developed, in close consultation with the portfolio holder, by the Council's newly appointed Senior Business Advisor which will set out the scope of the project in detail. The project is also seeking to develop income streams from support provision, which may mean that delivery from this project can extend into the next financial year.
Church Fenton Studios	Dave Caulfield / James Cokeham	300,000	0	300,000	0	Liaison is ongoing with the site owners, key regional stakeholders and potential investors as to the site's future. Until these discussions have concluded, the scope of any potential project cannot be clarified, but we are hopeful of development in late summer. Positive progress has been made, currently there is no indication that public money will be required but the forecast is maintained as this is not as yet certain.
Business Space & Accommodation Review	James Cokeham	30,000	0	30,000	0	Project brief in development by Senior Inward Investment Officer and procurement options being discussed with the Procurement & Contracts Team. Completed project expected by February 2018.
Healthy Living Concepts Fund	Angela Crossland	50,213	4,000	50,213	0	Holiday clubs commenced summer 2017 with a focus on engaging parents to design adult activity and nutrition sessions as part of the programme. Selby Big Local looking to fund the programme once outcomes from this programme are gathered. Further spend on the fund will be outlined through a multi-agency health action plan to be completed by end of 2017.
Marketing Selby's USP	Mike James	57,914	17,785	57,914	0	First priority has been to create the series of 'case studies' that tell the story of the district. These are based on the issues businesses themselves have said are reasons for their success in the district, as well as data gathered as part of the development of the new Economic Development Framework. We have 20 case studies in the initial batch, in which we focus on an existing business in the district and link this back to a specific business or quality of life issue on our list of 'key messages'. Feedback from business is that this will work best if the material sits within an independent place brand, rather than this just being linked back to the brand of the Council: this is about branding the place, rather than branding a single organisation. Creating a brand concept has, therefore, become part of the overall project. We're working on the concept of branding the area as being 'at the heart of Yorkshire', as this helps to tell the story of our connectivity (a key business attribute) as well as helping to create an emotional connection: if we're to influence perceptions then we need to develop this type of emotional connection.

Project	Lead Officer	Budget £	Spend to date £	Forecast £	Forecast Variance £	Update
Retail Experience - Tadcaster Linear Park	Angela Crossland	180,000	25,000	203,236	23,236	Final design work completed and costings for work to be finalised October 2017. An unforeseen delay in project due to Environment Agency remedial works required on flood bank. Project suspended until this work is completed. Due Oct/Nov 2017. Due to seasonal weather, this will now pick up Spring 2018. Scheme includes Tadcaster town Council funds of £80k. TTC remain committed to support.
Retail Experience - STEP	Angela Crossland	123,700	16,000	60,000	-63,700	A 2 year delivery plan in place to spend this fund therefore an amount of the full total will be realigned to 2018/19. Grants given to support Selby Arts Festival and Selby Food Festival. Small Business Saturday and Shop Local initiatives planned for Christmas 2017.
Empty Homes	June Rothwell / Simon Parkinson	115,475	0	100,000	-15,475	In May it was agreed to adopt the York and North Yorkshire Empty Homes Strategy 2017-2020 and we are currently working to create a local Action Plan for Selby District. A working group has been set up to help develop the action plan and membership of the group includes representation from the Executive. This group has worked to agree a number of key principles in relation to how we target empty homes; the support we will offer owners of empty properties, and what enforcement action we will consider. Whilst this work is on-going and whilst we continue to finalise the action plan our Empty Homes Officer is visiting all empty properties to undertake an assessment of the type of property and the condition of the property. This will enable us to target support and enforcement action accordingly. The Empty Homes Officer is a new role that was created during the recent restructure to drive forward the work on empty homes. Once we have finalised the action plan proposals, they will be presented to the Executive for approval.
Selby District Housing Trust	Julie Slatter / James Cokeham	30,000	14,000	30,000	0	This fund previously paid for half of the Housing Development Manager post, which has now been deleted from the new corporate structure. The scale of ambition in the emerging Housing Development Programme will clarify the resource implications for SDHT and the use of this recurring annual budget.
Sherburn All-Weather Pitch	Angela Crossland	200,000	190,000	200,000	0	Project completed. Awaiting completion certificate then final grant award will be given.
		2,384,057	607,949	2,269,063	-114,994	

Selby District Council

REPORT

Reference: E/17/34

Item 7 - Public



To: Executive
Date: 2 November 2017
Status: Key Decision
Report Published: 25 October 2017
Author: John Raine, Head of Technical Finance
Executive Member: Cllr Cliff Lunn, Executive Lead Member for Finance and Resources
Lead Officer: Karen Iveson, Chief Finance Officer

Title: Treasury Management – Monitoring Report for Q2

Summary:

This report reviews the Council's Treasury Management Activity for the 6 month period 1 April 2017 to 30 September 2017 and presents performance against the Prudential Indicators. During this period the Council complied with its legislative and regulatory requirements.

Investments – The latest Capita forecast is that the first increase in Bank Rate is not anticipated until the second quarter of 2019. However, there is increasing speculation that the Bank of England Bank Base Rate could increase before the end of 2017/18. Investment returns of 0.48 have been achieved up to the end of the second quarter. High balances are supporting the interest earned budget and income is forecast to exceed budget by £50k.

Borrowing – the council has long term borrowing of £59.3m at 30 September 2017. Interest payments of £2.5m are forecast for 2017/18 (£0.1m allocated to the General Fund; £2.4m to the Housing Revenue Account).

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

Recommendation:

That the Executive endorse the actions of officers on the Councils treasury activities for Q2 and approve the report.

Reasons for recommendation

To comply with the CIPFA Code of Practice for Treasury Management, the Executive is required to receive and review regular Treasury Management Monitoring Reports.

1. Introduction and background

1.1 Local Government Treasury Management is governed by the CIPFA Code of Practice and in this context is the management of the Council's cash flows, its banking and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks. The Council has adopted the Code and complies with its requirements.

2. The Report

2.1 The Council's treasury advisors Capita Asset Services – Treasury Solutions summarised the key points associated with economic activity in Q2 2017/18 up to 30 September 2017:

- The economy struggled to pick up much pace;
- The labour market tightened further, but underlying wage pressures remained weak;
- Headline inflation picked up further;
- There was an increase in MPC members voting to raise interest rates;
- The public finances performed better than expected;
- Brexit negotiations did not progress significantly.

Interest Rate Forecasts

2.2 The interest rate forecasts (last update 29 September 2017) of Capita are as follows:

<i>Date</i>	<i>Bank rate</i>	<i>5 year PWLB*</i>	<i>10 year PWLB*</i>	<i>25 year PWLB*</i>	<i>50 year PWLB*</i>
Current rates	%	%	%	%	%
March 2018	0.25	1.32	1.63	2.48	2.75
Sept 2018	0.25	1.60	2.30	2.90	2.70
March 2019	0.25	1.70	2.40	3.00	2.80
Sept 2019	0.25	1.80	2.50	3.10	2.90
Sept 2019	0.50	1.90	2.60	3.20	3.00

* Net of certainty rate 0.2% discount

2.3 The Monetary Policy Committee (MPC) cut the Bank Rate to 0.25% on 4 August 2016 in order to counteract a forecast sharp slowdown in growth. However, the MPC meeting of 14 September 2017 revealed a sharp change in sentiment whereby a majority of MPC members said they would be voting for an increase in Bank Rate "over the coming months". It is therefore possible that there will be an increase to 0.5% at the November MPC meeting.

2.4 The overall balance of risks to economic recovery in the UK is currently to the downside, with huge variable over the coming few years including what the final form Brexit will take, when finally agreed with the EU and when.

Investments

2.5 The investment of cash balances of the Council are managed as part of the investment pool operated by North Yorkshire County Council (NYCC). In order to facilitate this pooling, the Council's Annual Investment Strategy and Lending List has been aligned to that of NYCC.

2.6 NYCC only invests in highly credit rated institutions using the information from Capita Asset Services. The approved limits within the Annual Investment Strategy were not breached during the first six months of the year.

2.7 The Council's investment activity in the NYCC investment pool up to Q2 2017/18 was as follows:

- Balance invested at 30 September 2017: £49.7m
- Average Daily Balance 2017/18 up to 30 September 2017: £45.2m
- Average Interest Rate Achieved up to 30 September 2017: 0.48%

2.8 Based on the low bank rate, NYCC's current target for investment returns is 0.4%. Interest rates have remained low throughout 2017 to date and the average rate of 0.48% is above the target. In addition the Council's cash balances remain high which is supporting the interest earned budget.

2.9 The Council's budget and current forecast for interest income is as follows:

	Budget	Current Forecast
General Fund	£100k	£140k
Housing Revenue Account	£25k	£35k
Total	£125k	£175k

2.10 The Approved Lending List for the NYCC managed investment pool as at 30 September 2017 is attached as **Appendix A**.

Debt and Borrowing

2.11 The Council's outstanding external debt at 30 September 2017 is as follows:

- PWLB: £52.8m
- Money Market Loans: £6.5m
- Total debt: **£59.3m**
- Average interest rate: 4.19%

2.12 It is a statutory duty for the Council to determine and keep under review its 'Affordable Borrowing Limits'. The Council approved Borrowing Limits (including £1.0m for leases) are as follows:

- Operational Borrowing Limit: £76.0m
- Authorised Borrowing Limit: £81.0m

2.13 A list of the Council's approved Prudential Indicators are shown in **Appendix B**. Officers can confirm that the Prudential Indicators were not breached during Q2.

3. Legal/Financial Controls and other Policy matters

Legal Issues

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

Financial Issues

3.2 As set out in the report.

Impact Assessment

3.3 There are no equality impacts as a result of this report.

4. Conclusion

4.1 Whilst the bank rate remains low, investment returns continue to be depressed although high cash balances are supporting the interest earned budget. Based on current performance and future interest rate projections, interest earned is forecast to exceed budget by £50k (£40k GF and £10k HRA) although this will be kept under review as the year progresses.

4.2 The Council operated within its approved borrowing limits over the last quarter and prudential indicators were not breached.

5. Background Documents

None

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Appendices:

Appendix A – NYCC approved lending list as at 30 September 2017
Appendix B – Prudential Indicators as at 30 September 2017

Appendix A

NYCC Approved Lending List as at 30 September 2017

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

	Country	Specified Investments (up to 1 year)		Non-Specified Investments (> 1 year £20m limit)	
		Total Exposure £m	Time Limit *	Total Exposure £m	Time Limit *
UK "Nationalised" banks / UK banks with UK Central Government involvement					
Royal Bank of Scotland	GBR	75.0	364 days	-	-
Natwest Bank	GBR				
UK "Clearing Banks", other UK based banks and Building Societies					
Santander UK plc (includes Cater Allen)	GBR	40.0	6 months	-	-
Barclays Bank	GBR	75.0	6 months	-	-
Bank of Scotland	GBR	75.0	6 months	-	-
Lloyds	GBR				
HSBC	GBR	30.0	364 days		
Goldman Sachs International Bank	GBR	40.0	6 months		
Nationwide Building Society	GBR	40.0	6 months	-	-
Leeds Building Society	GBR	20.0	3 months	-	-
High quality Foreign Banks					
National Australia Bank	AUS	20.0	364 days	-	-
Commonwealth Bank of Australia	AUS	20.0	364 days		
Canadian Imperial Bank of Commerce	CAN	20.0	364 days	-	-
Deutsche Bank	DEU	20.0	Temporarily suspended	-	-
Credit Industriel et Commercial	FRA	20.0	6 months	-	-
BNP Paribas Fortis	FRA	20.0	6 months	-	-
Nordea Bank AB	SWE	20.0	364 days	-	-
Svenska Handelsbanken	SWE	40.0	364 days	-	-
Local Authorities					
County / Unitary / Metropolitan / District Councils		20.0	364 days	5.0	2 years
Police / Fire Authorities		20.0	364 days	5.0	2 years
National Park Authorities		20.0	364 days	5.0	2 years
Other Deposit Takers					
Money Market Funds		20.0	364 days	5.0	2 years
UK Debt Management Account		100.0	364 days	5.0	2 years

Based on data from 11 October 2017

Prudential Indicators – As at 30 September 2017

Note	Prudential Indicator	2017/18 Indicator	Quarter 2 Actual
1.	Mid Year Capital Financing Requirement £'000	59,019	59,009
	Gross Borrowing £'000	59,561	59,333
	Investments £'000	38,100	49,059
2.	Net Borrowing £'000	21,461	10,274
3.	Authorised Limit for External Debt £'000	81,000	79,000
4.	Operational Boundary for External Debt £'000	76,000	74,000
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	0
	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%	1.66%
	1 Year to 2 Years %	20%	0%
	2 Years to 5 Years %	50%	10.77%
	5 Years to 10 Years %	50%	0%
	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.

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.