



Meeting: **POLICY REVIEW COMMITTEE**
Date: **1 NOVEMBER 2011**
Time: **5.00PM**
Venue: **COMMITTEE ROOM**
To: **Councillors Mrs M Davis, M Jordan (Chair), Mrs E Metcalfe, R Musgrave (Vice Chair), I Nutt, R Packham, I Reynolds, Mrs A Spetch, R Sweeting.**

Agenda

1. Apologies for absence

2. Disclosures of Interest

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

3. Minutes

3.1 To confirm as a correct record the minutes of the proceedings of the meeting of the Policy Review Committee held on 26 July 2011. (pages 3 to 8 attached).

3.2 To confirm as a correct record the minutes of the proceedings of the meeting of the Policy Review Committee held on 9 August 2011. (pages 9 to 16 attached).

4. Chair's Address to the Policy Review Committee

5. PR/11/6 – Boundary Commission Proposal to create a Selby and Castleford Parliamentary Constituency

Report of the Chief Executive, pages 17 to 24 attached

6. PR/11/7 – Financial Strategy

Report of the Executive Director (S151), pages 25 to 74 attached

7. PR/11/8 – Affordable Housing

Report of the Director of Business Services, pages 75 to 120 attached

8. Policy Review Committee Work Programme

To consider the Committee's Work Programme, pages 121 to 123 attached

J Lund
Deputy Chief Executive

Dates of next meetings
24 January 2012
12 April 2012

Enquiries relating to this agenda, please contact Richard Besley on:
Tel: 01757 292227
Email: rbesley@selby.gov.uk

Minutes

Policy Review Committee

Venue: Committee Room 2

Date: 26 July 2011

Present: Councillor M Jordan (Chair), Councillor Mrs E Metcalfe, Councillor R Musgrave, Councillor I Nutt, Councillor R Packham, Councillor I Reynolds and Councillor R Sweeting

Apologies for Absence: Councillor Mrs M Davis and Councillor Mrs A Spetch

Also Present: Councillor C Metcalfe

Officers Present: Julia Jennison, Policy Officer; Vanessa Crane, Housing Officer; Karen Iveson, Executive Director and Richard Besley, Democratic Services

5. Minutes

RESOLVED:

To receive and approve the minutes of the Policy Review Committee held on 23 June 2011 and they are signed by the Chair.

6. Declarations of interest

There were no declarations of interest.

7. Chair's Address to the Policy Review Committee

The Chair welcomed councillors to their second meeting and the last in the Civic Centre. He thanked Councillor Metcalfe and invited officers for attending. The Chair also congratulated Cllr Musgrave and Mrs Musgrave on the birth of their daughter.

8. Report PR/11/3 – Choice Based Lettings (Tenancy Allocation Policy), Work Programme Item

Policy Officer, Julia Jennison, informed the Committee of the new policy for Housing Allocation based on Choice Based Lettings.

The Policy has been introduced across North Yorkshire and has been adopted by most of the Councils in North Yorkshire in a shared partnership, offering the same opportunities to prospective tenants on housing waiting lists across the county.

Although local connection is still taken into account across the partnership area, and tenant applications may be subject to individual local S106 agreements, the scheme gives the scope for someone in the county with mobility difficulties to move closer to their place of work, for example.

However since introduced in late June, only 1 applicant has moved into Selby from outside the partnership area, 1 from within the partnership area, and the rest of successful applicants have all been from the Selby district.

Last year 7% of lettings went to tenants from outside the Selby district, and this has been set as our baseline. Across the partnership, if any district finds an increase of 5% or more on their base position, lettings would be able to be restricted for a time to local (district) applicants only. Lettings will be monitored to ensure this is implemented if necessary.

The Policy has done away with the old “points scored” system, which disadvantaged those on low scores, Choice Based lettings offers those applicants a better chance, as they will be able to assess their chances in areas of lower demand.

The Partnership publishes a list each week of available properties that the public may apply for, provided they match certain needs criteria, similar to choosing a property to rent in the private sector.

Using an online web system, applicants may “bid” for up to three properties each week. The advantage of the system is that bidder gets instant feedback on how their bid has fared. There is also the opportunity to bid by telephone, by text and by paper coupon.

Bids are banded with those (few) categorised as falling in an emergency band being prioritised.

Further issues considered as tie breakers in allocating properties, in this order:

- Band
- Local connection
- Occupation

- Debt history
- Time on list

The Policy Officer notified the Committee that the number of people on ('Selby') waiting list was now approximately 1,800. This is down from 3,000 when the new policy was introduced. Although a countywide figure was unavailable, that trend is repeated across North Yorkshire as applicants accept that they may not have sufficient housing need to be successful.

The Policy applies not just to council properties across North Yorkshire, but to Housing Association properties too, where Associations have joined the partnership, offering additional opportunities for those on low income.

Councillor Reynolds asked where S106 agreements applied or where applicants wished to remain local was there a register or was the system monitored.

The Policy Officer confirmed that advertisements for properties where a local connection applies, will clearly state this, and will only be offered to applicants who meet the criteria. As now, if an applicant with a specific local connection cannot be found, the area would be extended to neighbouring parishes where suitable in accordance with the terms of the S106.

Although a web-based system, bidders may bid by phone or by coupon and an advice line is available with officers and local partners able to offer support and advice. Alternatively, applicants can call into Access Selby for help or advice, and local support providers have been briefed about the scheme.

Councillor Packham was concerned that communities may shun the development of additional social housing if they felt that properties may not go to local people or support local needs.

The Policy Officer agreed that Choice based Letting won't help that perception but confirmed that provided local/parish needs had been identified, and that suitable applicants did bid for properties, lettings would not need to go outside the local area.

RESOLVED:

To receive and note the report.

REASONS FOR DECISIONS:

The Committee ensures the contribution of Policy Review is effective in supporting service improvement and delivery against district wide and Council priorities.

9. Report PR/11/4 – Car Park Fees, Work Programme Item

Executive member, Councillor Metcalfe, outlined the report that had been passed to Policy Review for scrutiny, providing background to the processes behind the periodic reviews introduced by a previous Best Value study. The Current policy is to conduct reviews bi-annually.

The last review was undertaken in 2008 and it as decided last year that fees should be frozen due the economic climate.

It was felt that this review now needed to be undertaken as there was a financial gap to close and that the increases were the minimum sought.

The review continues the policy of discouraging extended stays in sort stay car parks by increasing the longer parking rate greater than the short stay rate.

The increases in long stay car parks would not be so great encouraging people to park outside of the town centre.

The new fees for the hourly rate is substantially less than neighbouring authorities reflecting good value for the people of the district.

Councillor Nutt proposed a suggestion to the Executive that they consider a cessation of charges in the four weeks leading up to Christmas to ease costs to the public and boost trade to shops/stores.

This was seconded by Councillor Sweeting.

When asked about the review not considering Tadcaster and Sherburn, Councillor Metcalfe confirmed that Best Value study had delayed the levy of charges in Tadcaster until and upgrade of the central car park could be completed and that re-development had been blocked by legal challenge and is subject to a High Court hearing late this year. It was felt that parking facilities in Sherburn small and inappropriate to install charges.

Councillor Metcalfe confirmed that consultation would be extended to statutory stakeholders/partners such as Chamber of Trade, etc.

It was suggested that the Central CEF be used.

Councillor Metcalfe was asked what made up the overall costs that needed to be covered.

These included:

- Staff costs
- Collections costs
- Maintenance costs
- Energy costs

He confirmed that the Council were looking at parking machines powered by solar cells and more efficient CCTV as ways to reduce energy costs.

RESOLVED:

To receive and note the report.

To send to the Executive two suggestions as part of the consultation.

- 1. That the Council remove car park charges in the four weeks leading up to Christmas.**
- 2. That the central CEF be used as a way of engaging the community in the consultation relating to the Car Park Fees and Charges Review.**

REASONS FOR DECISIONS:

The Committee ensures the contribution of Policy Review is effective in supporting service improvement and delivery against district wide and Council priorities.

10. Report PR/11/2 – Corporate Plan, Work Programme Item

The Executive Director presented the report to receive comments referring to the Corporate Plan consultation.

The committee discussed the effectiveness of the CEFs and were concerned to ensure they engage effectively with the community and that they provide a focus for public agencies to work together. The committee supported the Executive's proposals to develop wider community and partner engagement and felt that there was a role for district councillors in driving this agenda.

Councillors felt that CEFs may be something to consider at future meetings and the Executive Director would take the Committee's comments back to the CEF coordinator.

In conclusion the Chair considered how to drive CEFs forward and agreed to speak with Executive member, Councillor Metcalfe.

The Executive Director was asked about working with partners to secure economic recovery and explained that the Corporate Plan looked at promoting the District and at job creation and improving employment opportunities.

The Chair referred to a scheme where a major supermarket chain is undertaking a major refurbishment of its Pontefract store and is committing to working with the community to secure jobs for the long term

unemployed and would wish to see similar plans with new enterprises in our communities.

Under the 'Living Well' big thing, the committee supported the development of leisure activities in rural communities.

On the matter of transport provision the committee supported the proposals to work with partners to improve community transport facilities.

RESOLVED:

To receive and note the report and comments on the Corporate plan to be feedback to the Executive.

REASONS FOR DECISIONS:

The Committee ensures the contribution of Policy Review is effective in supporting service improvement and delivery against district wide and Council priorities.

11. Policy Review Committee Work Programme

With the committee's interest in ensuring the effectiveness of the CEFs, it was agreed to place Community Engagement Forums onto the Work Programme for the next scheduled meeting.

The Executive Director was asked to invite members from the CEF team to report to the meeting on 1 November.

To accommodate the item in a busy agenda it was also agreed to move Enforcement Policy back to 24 January 2012.

The meeting closed at 6:44pm

Policy Review Committee

Venue: Committee Room 2

Date: 9 August 2011

Present: Councillor M Jordan (Chair), Councillor Mrs M Davis, Councillor Mrs E Metcalfe, Councillor R Musgrave, Councillor I Nutt, Councillor R Packham, Councillor I Reynolds, Councillor Mrs A Spetch and Councillor R Sweeting

Apologies for Absence: None

Also Present: Councillor J Mackman and Councillor J Crawford

Officers Present: Jonathan Lund, Deputy Chief Executive; Keith Dawson, Director; Eileen Scothern, Business Manager, Andrew McMillan, Policy Officer and Richard Besley, Democratic Services

12. Chair's Address to the Policy Review Committee

The Chair welcomed councillors to this special meeting to discuss the very important paper before them. He thanked Councillor Mackman and the officers for attending to answer the Committee's questions.

The Chair proposed to discuss the papers in sections making proposals as they went and urged Councillors to declare any personal or prejudicial interest as relevant items were discussed.

13. Report PR/11/5 – Site Allocations Development Plan Document (SADPD)

Councillor Mackman began by circulating a revised table on the Final Housing Distribution in the Designated Service Villages and an amended section on site allocations in Sherburn in Elmet.

Councillor Packham raised concerns over the Committee's role and Councillor Mackman explained the stages still to go through before the SADPD was adopted

Designated Service Villages (DSV)

Councillor Nutt, felt that far too many houses had been proposed for Brayton and that it was disproportionate. Brayton could not support anymore houses. There are already more than can be occupied at the moment.

Councillor Davis, had concerns for Selby Town. The Town Council wished to keep a "green corridor" round the town but Selby already ran into Brayton and only the river separated the town from Barlby. Access to Green Belt is further away and further development could not maintain a green corridor.

Councillor Metcalfe asked why the ten residential units earlier designated for Appleton Roebuck were now no longer present.

The Policy Officer, Andrew McMillan, outlined the methodology behind the allocation proposals which resulted in the figures for Brayton and how in the case of Appleton Roebuck no landowners had indicated that land was available for allocation.

Councillor Mackman reminded the Committee that the SADPD is a strategic document that will go to public examination and the Inspector would want to test the justification for how the Council allocated sites.

Councillor Mackman informed Councillors of the hierarchy of communities and their ranking of sustainability. He identified how the major villages of Thorpe Willoughby, Barlby and Brayton could sustain development because of their proximity to Selby.

Councillor Reynolds did not agree that it was wrong to phase development and that phasing should be reconsidered.

Councillor Musgrave felt that Appleton Roebuck would welcome the reinstatement of its 10% allocation and would not accept zero properties and asked what weight would be allocated to the allocations document in development control assessments

Councillor Mackman reminded Councillors that aside from allocations communities were still open to "windfall" planning applications for building and that despite extensive opportunities and calls for sites none had come forward from Appleton Roebuck.

Councillor Musgrave was aware of two potential sites and Eileen Scothern agreed to talk with the Councillor to identify the locations.

Phasing had been discounted by officers and the Executive and the government did not want delays in making housing available.

The Chair invited proposals arising from the discussions so far.

Proposed by Councillor Nutt and seconded by Councillor Reynolds.

1. To recommend the Executive to consider arrangements to phase the release of allocated sites in areas like Tadcaster and the designated service villages.

After a vote this proposal was **lost**.

Proposed by Councillor Packham and seconded by Councillor Metcalfe.

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

This proposal was **carried**.

Proposed by Councillor Musgrave and seconded by Councillor Sweeting.

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

This proposal was **carried**.

Gypsy / Traveller Sites

The Chair welcomed Councillor Crawford who had asked to speak on this matter as it had direct relevance to his ward.

Councillor Crawford felt that the paper was deeply flawed and asked that officers look at it again, taking into account the views of local communities. He took particular issue with the paper stating that responses from Brotherton and Byram were small, but that was at a point before those communities might be allocated a Gypsy/Traveller site at land at Old Great North Road, Brotherton.

He questioned the decision making and pointed out that the reason for discounting an alternative site at Hillcrest, had been that it had a recent planning application refused. However no mention was made of a similar refusal at the Brotherton site.

Councillor Crawford asked that the opening paragraph be re-drafted as it was inaccurate and criterion C in the proposed methodology be removed.

He also asked that the previous refusal at the Brotherton site be mentioned in the notes.

In relation to the Brotherton site, Councillor Crawford had serious concerns that the site had an electricity pylon situated in it, which raised Health and Safety issues. The pylon carried 250k volts as a major line out of Ferrrybridge Power Station.

Councillor Crawford was disappointed that as District Councillor for the ward he had not been informed of the proposal earlier and was aware that the landowner was consulted last March.

Eileen Scothern confirmed that the methodology had been amended after considering consultation responses. Following a call for sites at the previous stage no sites were submitted for Gypsy and Travellers, the Council therefore considered all sites submitted and deselected those sites not meeting the proposed methodology. As part of the last consultation four sites were submitted by landowners and using both the original methodology and the proposed new methodology the site at Brotherton scored highly.

Councillor Reynolds agreed with Councillor Crawford over the Brotherton site and thought any recommendation of suitability from the landowner could be questionable.

Councillor Reynolds agreed that the Council needed to look at this again in detail with a sub-committee made up of interested parties.

This was welcomed by Councillor Crawford who informed Councillors that in the East Riding a sub-committee made up of Councillors and representatives from the communities and Travellers group had identified sites which were agreed by all parties.

Councillor Davis sympathised with Councillor Crawford and recollected past sites nationally being hidden under motorway bridges, etc but Gypsy/Traveller communities deserved decent accommodation and homes in the community.

Councillor Davis felt Hillcrest was a more suitable site as it was already owned by Travellers, is occupied by Travellers and is where they wish to be.

Councillor Mackman was concerned that the Council was obliged to find new vacant sites and that Hillcrest was neither vacant nor new, however the Committee felt that adjacent land could be used.

Councillor Reynolds proposed and Councillor Packham seconded.

4. To recommend the Executive to look again at the question of suitable sites for Gypsies and Travellers; and

5. To appoint a working group of Councillors and representatives of Gypsy and Traveller communities to identify suitable sites, looking first at the potential development of land adjacent to exiting sites.

The proposals were **carried**.

Employment Land

Councillor Mackman highlighted the areas identified in this chapter.

Airfields

Councillor Nutt reminded the Committee of the loss of the proposed Science Park for Burn airfield and hoped that the Council did not miss out on those types of opportunities again.

Eileen Scothern confirmed that despite the best efforts Burn had not been supported by central government. She indicated that sites would not be penalised by lack of a proposed allocation and that any future similar project could be discussed as a windfall application.

Councillor Davis felt that the value of the site should be recognised and the Council should be more pro-active.

Councillor Davis proposed and Councillor Nutt seconded.

6. To identify a suitable form of words which does not allocate the site at Burn Airfield but which indicates that the Council would welcome comprehensive proposals for a significant or specialist development at that location.

This proposal was **carried**.

General Issues

Councillor Musgrave referred to the revised page on Green Belt land (Page 41 in Agenda papers) in relation to the re-grouping of sites, in particular Bilbrough and what counts as a major site in the Green Belt.

Councillor Musgrave proposed and Councillor Sweeting seconded.

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

This proposal was **carried**.

Councillor Packham was concerned that where there was insufficient regard for traffic impact which could lead to problems.

This was supported by Councillor Davis who pointed out that Selby town had major transport issues that were not readily solvable.

Councillor Davis proposed and Councillor Nutt seconded.

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

This proposal was **carried**.

Councillor Packham referred to proposals on page 40 regarding Historic Parks and Gardens and Historic battlegrounds and asked that Ancient Monuments (archaeological sites) be included. Officers felt that was a valid suggestion and would amend paper.

Individual Areas

Selby

Councillor Davis felt the town had a major lack of designated recreational open space, referring to specific sites off and around Wistow Road. Instead of “no allocation” she would have preferred them classed as recreational open space.

Councillor Davis proposed and Councillor Nutt seconded.

9. To recommend the Executive to allocate sites SELB002, SELB003, SELB005 and SELB031 as recreational open space.

This proposal was **carried**.

Councillor Davis urged officers not to remove car parks from the town as it would kill trade, in particular in relation to land known as Back Micklegate where a major town centre car park is situated. If multi level units and parking were proposed consideration should be given to flood areas and parking levels should be allocated to ground floor with development above.

Councillor Davis proposed and Councillor Nutt seconded,

10. To recommend the Executive to reconsider the proposed allocation of existing car parking for redevelopment and in particular to:

(a) safeguard existing car parking provision by requiring any development to take place above lower level car parking and/or

(b) ensure adequate provision for vans, including those used in connection with Selby Market.

This proposal was **carried**.

Sherburn in Elmet

On the matter of the revised pages, officers acknowledged that information had been provided late due to the necessity to correct references to green belt land.

Councillor Packham was concerned over the late change as it gave little time to scrutinise the changes.

Councillor Packham was concerned that the employment site allocated was too remote from the existing settlement and that more suitable land would be that below the airfield adjacent to Gascoigne Wood.

This view was supported by the Chair who had received comments from Sherburn airfield of the location of industrial sites in proximity to the runways and airfield approach.

Councillor Packham proposed and Councillor Jordan seconded.

11. To recommend the Executive to reconsider the proposed allocation of site SHER015.

This proposal was **carried**.

Councillor Nutt proposed and Councillor Packham seconded.

12. To recognise that proposals in respect of Sherburn had been amended within the previous 24 hours and to ask Councillor Jordan and Packham to consider and submit any views in relation to the revised proposals directly to the Executive, in advance of the Executive Briefing on 22 August 2011.

This proposal was **carried**.

Tadcaster

The Committee discussed Tadcaster town centre.

Councillor Mrs Eileen Metcalfe declared a personal and prejudicial interest in respect of proposals to designate land as retail sites which were adjacent to a retail property she owned. She left the meeting whilst that item of business was considered..

At this point as the meeting had been sitting for three hours, the Committee agreed to continue the meeting beyond three hours until business was concluded

Councillor Metcalfe proposed and Councillor Sweeting seconded.

13. To recommend the Executive to remove all of the wording after “No Allocation” in respect of the response on the former Papyrus Works (Site X 010) set out in the “Other discounted Sites” table on page 110.

This proposal was **carried**.

Cawood

Councillor Reynolds noted that sites had been transferred to North Duffield which was not an adjoining community and wondered why they could not have been accommodated in Cawood.

Officers confirmed that Cawood was covered by Flood Zone 3 and subject to an earlier proposal (2) to ask the Executive to re-look at the chart on Page 29.

Other sites were mentioned for suitability though no further resolutions were made.

The Chair thanked the Committee for its diligence and was pleased that a number of proposals had been tabled that would go through to the Executive for further consideration.

The meeting closed at 8:50pm

To: Policy Review Committee
Date: 1 November 2011
Author: Martin Connor – Chief Executive
Lead Officer: Martin Connor – Chief Executive

Title: **Boundary Commission for England: Review of Parliamentary Constituencies 2013**

Summary: At its meeting on 13 September, the Council discussed the Boundary Commission for England's (BCE) proposed Constituency changes. Council agreed that Selby District Council should formulate an official response. This report sets out the details of the boundary changes to help the Committee formulate its response.

Recommendation:

That Policy Review Committee formulates a response to the consultation for approval by the Executive.

Reason for recommendation

To ensure the Council formulates an appropriate response to the consultation.

1. Introduction and background

- 1.1** The BCE is an independent and impartial public body. It is responsible for reviewing all Parliamentary constituency boundaries in England every five years. The current review must report to Parliament by 2013 and is being carried out under new rules laid down in the Parliamentary Voting System and Constituencies Act 2011. Any changes are likely to be implemented at the next General Election, expected to be in 2015.
- 1.2** The new rules mean substantial changes to Parliamentary constituencies in England. These include reducing the total number of constituencies from 533 to 502 and making sure that each constituency contains a similar number of registered electors.

1.3 The proposals were released for consultation on 12 September 2011 and suggest some significant changes to the current Selby and Ainsty Constituency. The Council meeting held on 13 September 2011 asked Policy Review Committee to develop a response, which would be approved by the Executive. The response would be submitted in time for the close of the consultation on 5 December 2011.

2. The Report

The Methodology

2.1 In line with the Act, the BCE established an electoral constituency quota. The quota was set as 76,641 electors, each constituency must have a number of electors that is no more than 5% higher or lower than this figure. All constituencies must contain between 72,810 and 80,473 electors.

2.2 The legislation states that the BCE may also take into account the below considerations when setting boundaries:

- i) special geographical considerations, including the size, shape and accessibility of a constituency;
- ii) local government boundaries as they existed on 6 May 2010;
- iii) boundaries of existing constituencies; and
- iv) any local ties that would be broken by changes in constituencies.

However, the BCE clearly states that none of the above criteria override the necessity to achieve an electorate in each constituency that is within the range allowed. Additionally, the initial proposals have ward boundaries as the basic building block of constituencies. They take the view that 'in the absence of exceptional and compelling circumstances' it would not be appropriate to divide wards where it is possible to build constituencies which satisfy the 5% rule without doing so.

2.3 Using the quota, the BCE then allocated constituencies across the nine regions of England. The Commission found that it was not always possible to allocate whole numbers of constituencies to individual counties. This means that, in some instances, constituencies have been proposed which cross county or unitary authority boundaries.

The Current Selby and Ainsty Constituency

2.4 The current Selby and Ainsty Constituency was first used in 2010 following a previous review by the BCE. The constituency was won by Nigel Adams MP at the election in 2010 and has 73,580 electors (December 2010).

The Proposals

- 2.5** The Yorkshire and Humber region currently has 54 constituencies, the proposals put forward reduce this total to 50. The Boundary Commission for England took the decision to divide the Yorkshire region into sub regions. North Yorkshire was grouped together with West Yorkshire and allocated 28 constituencies, two fewer than at present.
- 2.6** The Commission noted that ‘North Yorkshire did not need to be grouped with a neighbouring county. With an electorate of 608,713 it could be allocated eight constituencies, all of which would remain unchanged. However, the electoral size and shape of West Yorkshire, particularly the cities of Leeds and Wakefield, made it very difficult to create constituencies that had an electorate within 5% of the electoral quota and that did not divide wards between constituencies.’
- 2.7** As a result, the Boundary Commission has made proposals that split the Selby District across three constituencies.
- 2.8** Firstly, **Selby and Castleford Constituency** that contains 12 wards of Selby District and extends south-westwards to include three wards from the City of Wakefield (Airedale and Ferry Fryston, Altofts and Whitwood, and Castleford Central and Glasshoughton.) Map attached at appendix A.
- 2.9** Secondly, to assist with changes elsewhere in the sub region, a **York Outer Constituency** is proposed that contains six wards of Selby District including Tadcaster. Map attached at appendix B.
- 2.10** Finally, the southern most part of the district, Eggborough and Whitley are combined with six wards of the City of Wakefield to comprise a **Wakefield and Pontefract East Constituency**. Map attached at appendix C.

The Response

- 2.11** The BCE has provided some guidelines as to the form of structured response it would like to receive. It would like to know:
- i) if you agree in full, in part or not at all with the initial proposals for the Yorkshire and Humber region;
 - ii) which sub regions you agree with and why;
 - iii) which sub regions you disagree with and why; and
 - iv) If you can propose alternatives for the areas disagreed with that meet the statutory rules set out in the report.

Policy Review Committee may wish to consider the above in formulating any response to the consultation. The BCE states that an objection accompanied by a viable counter proposal is likely to carry more weight than a simple statement of objection.

Next Steps in the Process

- 2.12** The current consultation phase runs from 12 September until 5 December 2011, during this phase the BCE will receive written representations and hold public hearings around the region.
- 2.13** Following the close of the consultation on 5 December 2011, the BCE will publish all representations on its webpage. After which there is a further statutory four week consultation in comments can be submitted on the representations received.
- 2.14** A report is then written for each of the regions stating whether the original proposals have been amended. If the original boundaries are amended there is a further eight week consultation period before the final report is compiled. The responsibility of implementing the new boundaries then lies with Parliament.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

The Committee may wish to make reference to the rules governing the BCE's proposals as set down in The Parliamentary Voting System and Constituencies Act 2011.

3.2 Financial Issues

None identified.

4. Conclusion

That the Committee uses the information contained within the report and its appendices to formulate a response for approval by the Executive.

5. Background Documents

Details of the consultation are available through the Boundary Commission for England's website at:

<http://consultation.boundarycommissionforengland.independent.gov.uk/>

Appendices:

Appendix A – Map of Selby and Castleford Constituency

Appendix B – Map of York Outer Constituency

Appendix C – Map of Wakefield and Pontefract East Constituency

Contact Officer: *Martin Connor*

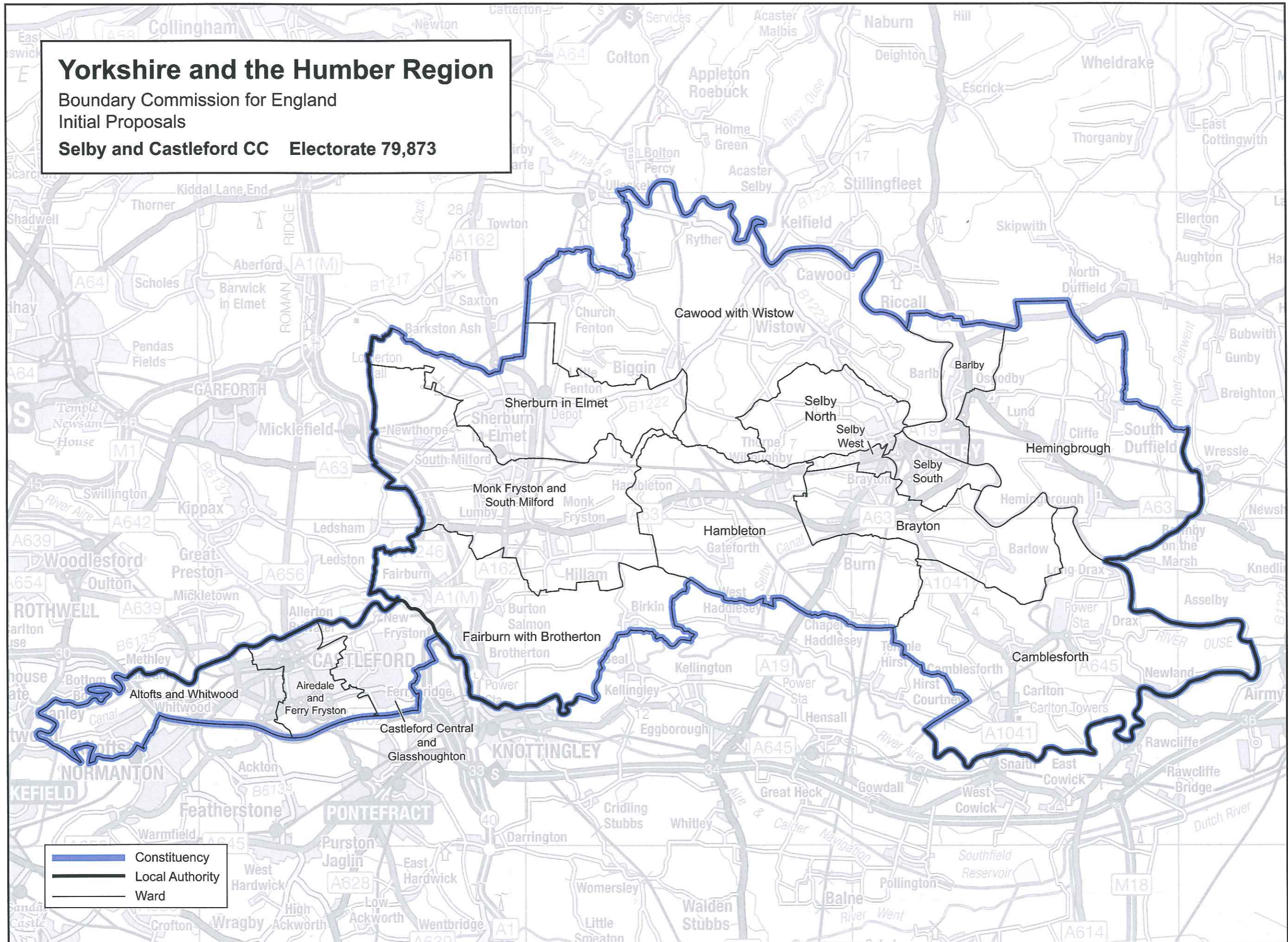
Chief Executive

Selby District Council

Yorkshire and the Humber Region

Boundary Commission for England
Initial Proposals

Selby and Castleford CC Electorate 79,873



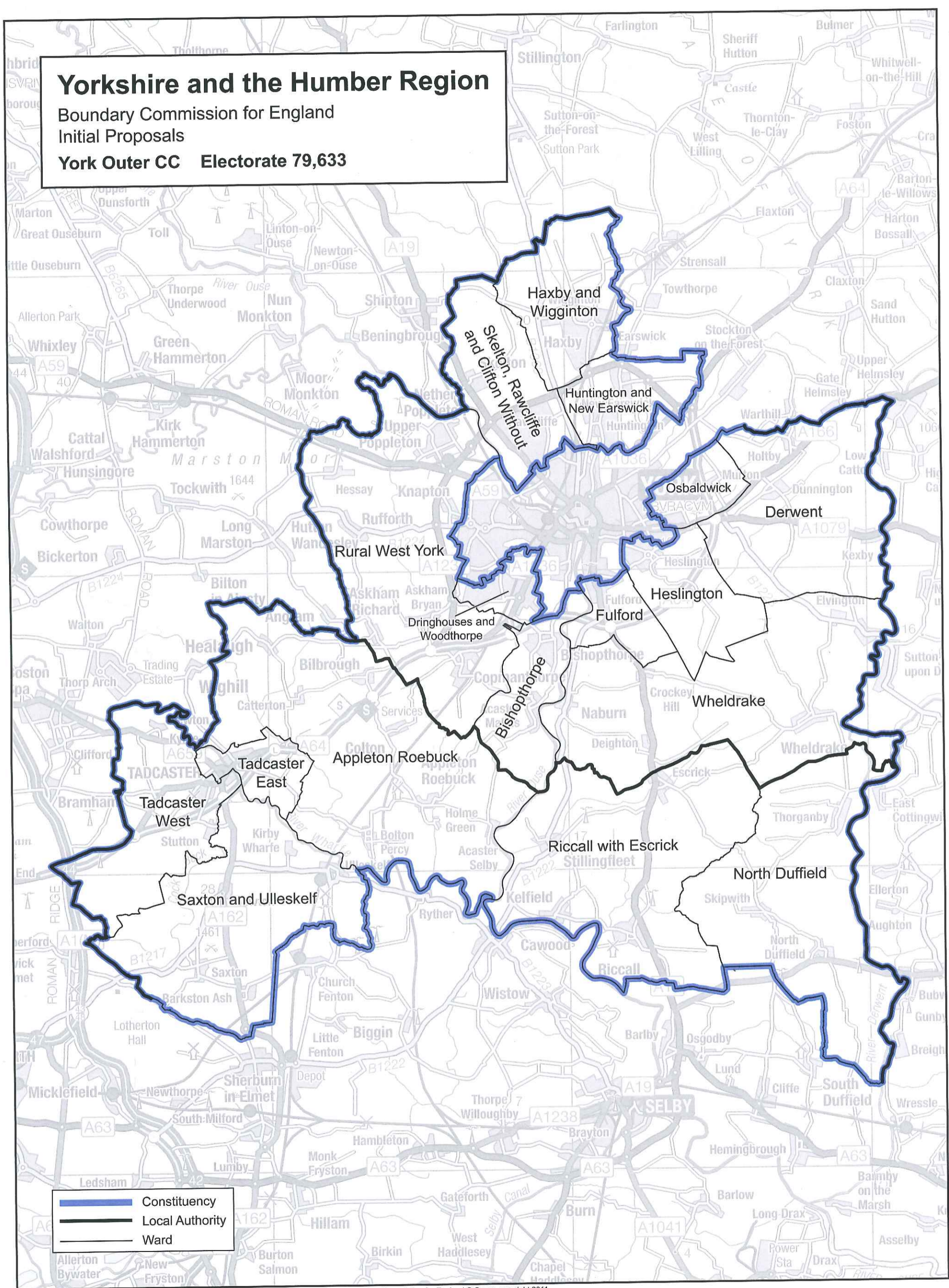
- Constituency
- Local Authority
- Ward

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Yorkshire and the Humber Region

Boundary Commission for England
Initial Proposals

York Outer CC Electorate 79,633

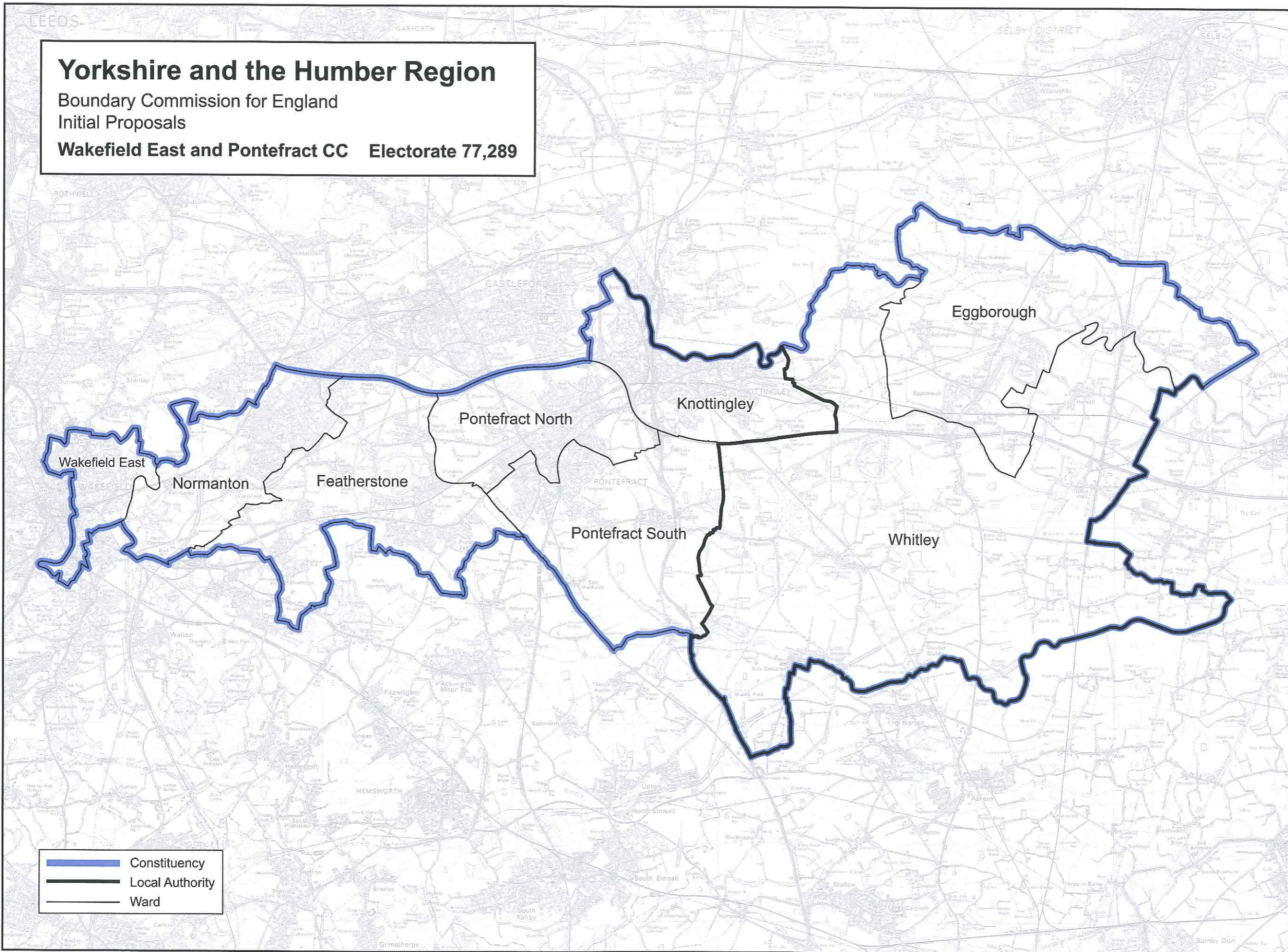


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Yorkshire and the Humber Region

Boundary Commission for England
Initial Proposals

Wakefield East and Pontefract CC Electorate 77,289



Constituency
 Local Authority
 Ward

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To: Policy Review Committee
Date: 9 August 2011
Author: Richard Besley, Democratic Services Officer
Lead Officer: Karen Iveson, Executive Director (S151)

Title: Financial Strategy

Summary: This report allows Policy Review Committee the opportunity to comment on the Financial Strategy as proposed by the Executive.

Recommendation:

That councillors use the opportunity to scrutinise the proposed Financial Strategy.

Reason for recommendation

The Committee ensures the contribution of Scrutiny is effective in supporting service improvement and delivery against district wide and Council priorities.

1. Introduction and background

- 1.1 At its meeting on 6 October 2011, the Executive discussed the Medium Term Financial Strategy (MTFS) to inform members on progress. (MTFS paper attached at appendix A).
- 1.2 The MTFS looks to set the framework for the 2012/13 budget and the 2012 – 2014/15 Medium Term Financial Plan. As part of the Budget and Policy Framework of the Council, the Constitution set out that Policy Review Committee be given the opportunity review the document.
- 1.3 The report asked the Executive to approve the Strategy.

2. The Report

- 2.1 The report asks the Policy Review Committee to review the MTFS and forward any comments to the Executive.

2.2 To aid Policy Review Committee, the Executive report and Document are attached as appendices.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

None arising from the report.

3.2 Financial Issues

As set out in the report and the Strategy

4. Conclusion

That Policy Review contributes to the consultation on Financial Strategy and feedback any comments to the Executive.

5. Background Documents

None

Contact Officer: Richard Besley
Democratic Services Officer
Selby District Council
rbesley@selby.gov.uk

Appendices:

Appendix A – Executive Report 6 October 2011

Appendix B – Medium Term Financial Strategy

Appendix C – Executive Minutes 6 October 2011 (for this item only)

Selby District Council

REPORT

Reference: E/11/26

Public – Item 4



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

Title: MEDIUM TERM FINANCIAL STRATEGY

Summary: This report presents a draft Medium Term Financial Strategy to support delivery of the Council's objectives and priorities over the next 4 four years.

Recommendations:

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

Reasons for recommendation

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

1. Introduction and background

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

2. The Report

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

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

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

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

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

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

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

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

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

None arising from the report.

3.2 Financial Issues

As set out in the report and the strategy.

4. Conclusion

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

5. Background documents

5.1 None

Contact Officer:
Karen Iveson, Executive Director
(01757) 292311
E-mail: kiveson@selby.gov.uk

Appendices:

Appendix A - Draft Medium Term Financial Strategy

Selby District Council

Medium Term Financial Strategy

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

Appendices:

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

1 INTRODUCTION

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

2 STRATEGIC CONTEXT

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

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

Draft

3 FINANCIAL STRATEGY OBJECTIVES

- 3.1 As highlighted in the introduction, the overall aims of this Financial Strategy are to deliver a balanced and sustainable budget over the medium term planning period, to support delivery of the Council's corporate objectives and ensure future financial resilience.
- 3.2 In order to achieve these broad aims a number of critical objectives have been identified:
- I To enable the Council to understand its medium to longer term financial position
 - II To provide clarity over the revenue and capital resources available
 - III To inform decision making on the distribution of resources to deliver the Council's corporate objectives
 - IV To ensure the Council can set a Council Tax that avoids central Government intervention
 - V To enable the Council to plan and manage its day to day spending within affordable limits without undue reliance on balances and reserves
 - VI To identify future budget 'pressure points' in order to plan accordingly and avoid unnecessary remedial action
 - VII To strengthen the Council's balance sheet position
 - VIII To support a prudent, affordable and sustainable level of both revenue and capital investment
 - IX To create financial capacity to deal with uncertain, volatile and unforeseen cost pressures
 - X To contribute to longer term planning and delivery of the Council's strategic vision
- 3.3 Progress towards achieving these objectives will be monitored and reported to councillors in accordance with the monitoring report template set out at Appendix A.

4 BUDGET PRESSURES AND ISSUES

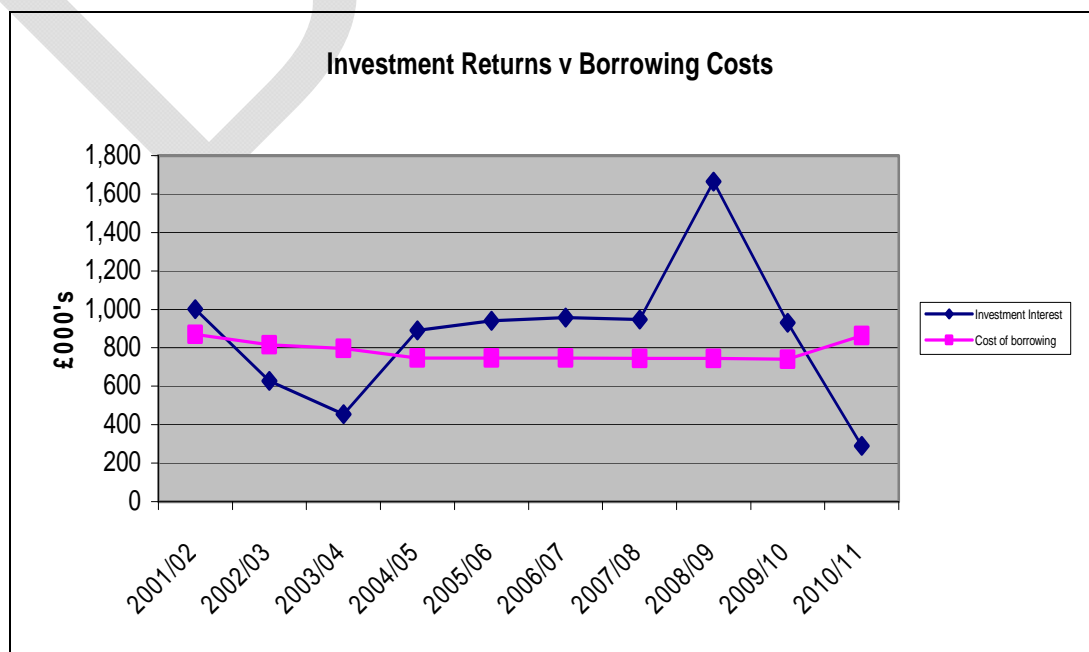
ECONOMIC CLIMATE

General

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

Interest rates

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



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

Key assumptions

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

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

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

Inflation

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

RESOURCES

Formula grant

Formula Grant Cuts

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

Projected Grant Settlement for Selby

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

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

Business Rates

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

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

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

Business Rate Yield – Selby District

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

*Estimate

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

NNDR Pool Potential Fluctuations

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

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

Key assumptions:

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

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

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

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


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

New Homes Bonus

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

Projected New Homes Bonus for Selby

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

 NHB covered by additional Government resources

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

Key assumption:

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

Key assumption:

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

Council Tax Freeze Grant

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

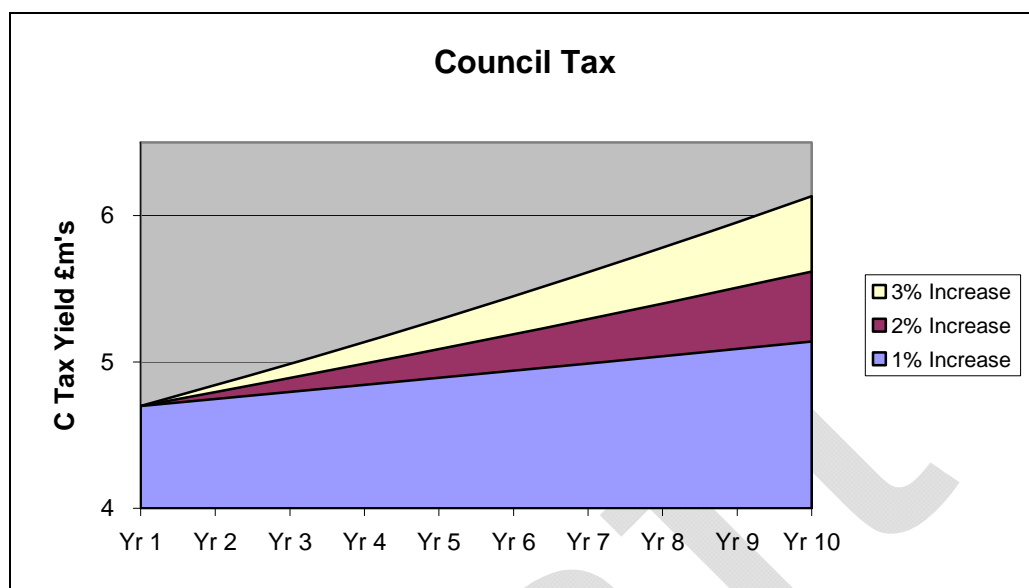
Key assumption:

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

Council Tax

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

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



Key assumption:

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

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

Key assumption:

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

Reserves

4.26 The Council uses reserves to ensure it has sufficient resources to cope with a reasonable level of financial risk, to meet its long term spending commitments, to manage spending and avoid significant fluctuations in the resources needed to cover in-year spending and also to provide financial capacity for future investment in projects or services.

4.27 In determining an appropriate level of reserves we have to balance the need for financial resilience against the desire for investment in services.

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

General Fund Revenue Reserves at 1 April 2011

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

Core Reserves

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

Key assumptions:

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

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

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

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

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

General Fund Revenue Contributions to Earmarked Reserves

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

Key assumption:

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

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

PFI Reserve

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

Key Assumption:

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

Project Reserves

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

Fees and Charges

General

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

Key assumption:

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

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

Income Generation

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

Key assumption:

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

Planning Fees

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

Land Charges

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

SPENDING PRESSURES AND ISSUES

Pension Costs

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

Key assumption:

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

LEGISLATIVE AND POLICY DEVELOPMENTS

National Planning Policy Framework

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

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

Localism Bill

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

Individual Electoral Registration

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

Open Public Services

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

Localisation of Council Tax Benefit

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

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

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

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

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

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

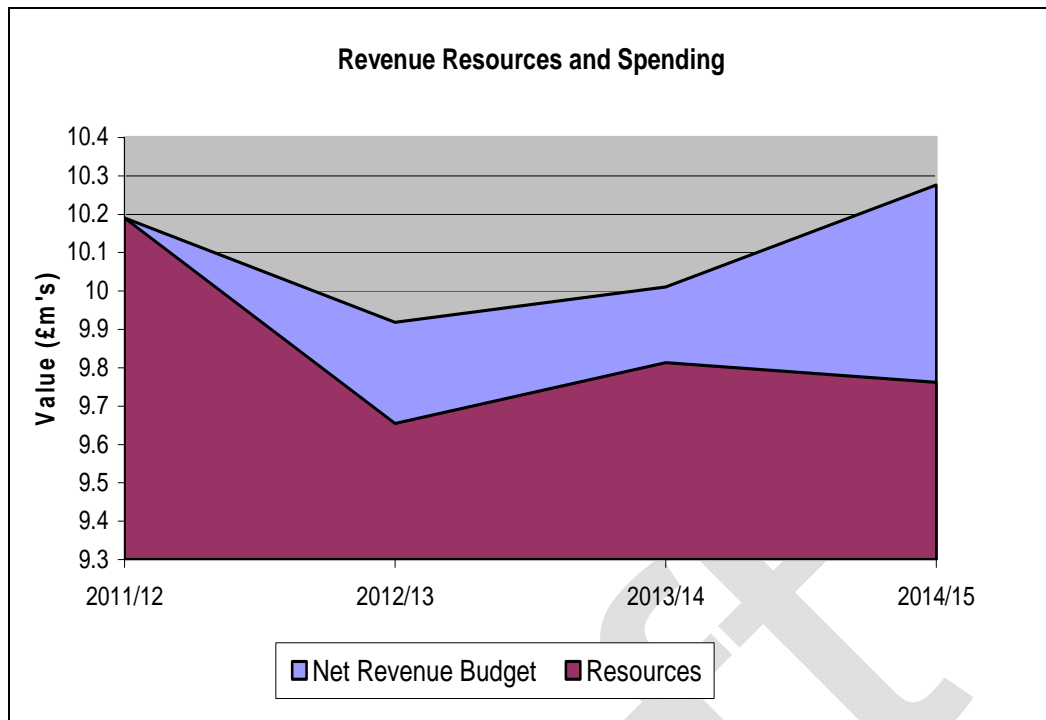
5.4 The model provides an updated baseline position from which to develop the Council's General Fund financial planning framework in advance of the budget round for 2012/13. It includes current policy budgets along with known commitments (based on available data which may be subject to change) which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

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

Revenue Resources, Spending and Savings

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

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



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

Key assumption:

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

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

Capital Receipts and Spending

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

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

Reserves

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

6 SERVICE DELIVERY BUDGET ENVELOPES

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

- Core Selby
- Access Selby District Council
- Communities Selby

Core Budget

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

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

6.4 There are contingencies within the core budget as follows:

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

Access Selby Budget

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

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

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

Communities Selby Budget

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

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

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

7 SAVINGS AND EFFICIENCIES

Background

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

Refreshed Targets to March 2015

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

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

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

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

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

APPENDIX A

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

Progress Report

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

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

APPENDIX B

Inflation

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

Inflation Continued

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

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

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

APPENDIX E

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

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

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

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

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

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

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

Appendix F

Key:

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

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

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

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

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

Dept	Proposed Savings	Status	Latest				Progress
			2011/12	2012/13	2013/14	2014/15	
			£	£	£	£	
Summary by Workstream							
	Procurement		311,500	374,340	413,039	469,054	
	Transformation		1,109,890	1,464,098	1,493,380	1,523,247	
	Asset Management		63,497	105,567	107,678	109,832	
	Value for Money		75,000	385,560	393,271	401,137	
	Base Budget Review		12,000	12,240	12,485	12,734	
	Discretionary Service Review		108,500	137,700	140,454	143,263	
	Total		1,680,387	2,479,505	2,560,307	2,659,267	
Achievable Savings							
	Best Case (All savings achieved)		1,680,387	2,858,000	3,270,000	3,506,000	
	Worst Case (Only Green savings achieved)		1,417,587	1,789,169	1,824,952	1,859,116	
Mid Case (Calculation using sliding scale)							
	Green Savings - 100%		1,417,587	1,789,169	1,824,952	1,859,116	
	Amber Savings - 90%		236,520	356,918	392,148	445,071	
	Red Savings - 75%		-	220,320	224,726	229,221	
			1,654,107	2,366,407	2,441,826	2,533,408	
	Shortfall/Surplus (-/+) assuming mid case level of savings		62,107 -	491,593 -	828,174 -	972,592	

Item 5.

Minutes of Executive 6 October 2011

38. Medium Term Financial Strategy

Councillor Lunn presented report E/11/26 which outlined the Draft Medium Term Financial Strategy.

The Executive heard that progress against the Savings Target was good, however further savings would be required over the next three years.

Councillor Lunn highlighted some of the assumptions made in the strategy with particular reference to the interest rate and inflation. He stated that the assumptions were subject to change and that this could affect the Council's financial position.

Following a question from Councillor Metcalfe, the Executive discussed the issue of the Council Tax Freeze Grant. The Executive Director (S151) was awaiting written confirmation of the Government's proposals for extending support for Councils limiting Council Tax rises in 2012/13 following recent announcements.

Resolved:

To approve the Medium Term Financial Strategy.

Reasons for decisions:

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

To: Policy Review Committee
Date: 9 August 2011
Author: Richard Besley, Democratic Services Officer
Lead Officer: Janette Barlow, Director of Business Services

Title: Affordable Housing Supplementary Planning Document

Summary: This report allows Policy Review Committee the opportunity to comment on the Affordable Housing Supplementary Planning Document as proposed by the Executive.

Recommendation:

That councillors use the opportunity to scrutinise the proposed Affordable Housing Supplementary Planning Document.

Reason for recommendation

The Committee ensures the contribution of Scrutiny is effective in supporting service improvement and delivery against district wide and Council priorities.

1. Introduction and background

- 1.1** At its meeting on 1 September 2011, the Executive discussed the Affordable Housing Supplementary Planning Document (SPD) to inform members on progress. (Affordable Housing SPD attached at appendix A & B).
- 1.2** The SPD was subject to consultation early in 2011. As part of the Budget and Policy Framework of the Council, the Constitution set out that Policy Review Committee be given the opportunity review the document.
- 1.3** The report asked the Executive to agree the next stages of development, to agree Officers approach to consultation and their response to comments received

2. The Report

2.1 The report asks the Policy Review Committee to review the SPD and forward any comments to the Executive.

2.2 To aid Policy Review Committee, the Executive report and Document are attached as appendices.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

The SPD has been prepared to deal with the Council's approach to Affordable Housing.

3.2 Financial Issues

All costs associated with the production of the SPD have been accounted for in the budget. Once the SPD is adopted, the planning process will be streamlined, thereby reducing staff time and resources.

4. Conclusion

That Policy Review contributes to the on going consultation on Affordable Housing SPD and feedback any comments to the Executive.

5. Background Documents

None

Contact Officer: Richard Besley
Democratic Services Officer
Selby District Council
rbesley@selby.gov.uk

Appendices:

Appendix A – Executive Report 1 September 2011

Appendix B – Affordable Housing SPD

Appendix C – Schedule of Responses to Consultation

Appendix D – Executive Minutes 1 September 2011 (for this item only)

Selby District Council

REPORT
Reference: E/11/19
Public – Item 5



To: Executive Briefing
Date: 1 September 2011
Status: Key Decision
Report Published: 23 August 2011
Authors: Carolyn Vaughan Downes (Rural Housing Enabler) Jessica Morris (Policy Officer) Julia Jennison (Policy Officer)
Executive Member: Councillor G. Ivey
Lead Officer: Director – Janette Barlow

Title: Affordable Housing Supplementary Planning Document

Summary:

To update members on the progress of the draft Affordable Housing Supplementary Planning Document (SPD) following a public consultation in February.

Recommendations:

- i. Draft Affordable Housing SPD document is submitted to Executive to inform members on progress and agree the next stages of development.**
- ii. Executive to agree Officers approach to consultation and response to comments received.**

Reasons for recommendation

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

1. Introduction and background

- 1.1 The draft Affordable Housing SPD sets out the Councils approach to delivering affordable housing. Housing affordability is one of the biggest challenges facing the District. House prices are higher than the national and regional average and there is significant housing need.

2. The Report

- 2.1 The draft Affordable Housing SPD, which is attached for Executive members to consider, and aims to support the implementation of Policy CP5 and CP6 of the Core Strategy , which is timetabled to be adopted towards the end of this year. The SPD aims to assist stakeholders on a range of approaches, standards and mechanisms required to deliver affordable housing which meets local needs.

- 2.2 The Affordable Housing SPD was consulted on throughout January and February 2011. A number of key events were organised by officers of the Council throughout this period to publicise the SPD and get comments from key stakeholders and the local community. These were as follows;

- Tadcaster & Villages Community Engagement Forum – Council officers manned display boards prior to the CEF meeting on the 17 January 2011. Approximately 50 people attended the meeting and just over half provided comments. Overall, responses agreed with the principles of the SPD; that market housing is mixed with affordable housing, all new housing should provide contributions for affordable housing and affordable housing should be for local people.
- Registered Housing Providers & Developers Stakeholder Workshop – Just over 20 key stakeholders attended the half day workshop on the 26 January 2011. Overall there was general support for the approach of the SPD and a number of technical comments. Technical comments have been addressed in more detail in paragraph 2.3 of this report.
- Selby Elderly Persons Forum – Just less than 20 people attended the meeting on the 2 February 2011. Overall comments were supportive of the proposed approach for affordable housing as set out in the SPD. The particular housing needs for elderly people were also discussed, as many people highlighted the need for suitable properties to downsize to and remain in the District.

- 2.3 In total, 20 comments were received in response to the consultation. The following gives an overview of the responses that were received on the SPD. Please note there were some sections of the draft SPD that

attracted little or no comment and thus only the sections that had significant responses will be outlined below:

- **Section 5 – What is affordable housing?** The requirement to update the SPD to reflect the amendments to PPS3 to include the Affordable Rent Model were highlighted, the implications of this are discussed in more detail in paragraph 2.5 of this report.
- **Section 7 – Negotiating the type, size and tenure of affordable housing** A number of comments relating to the affordable housing thresholds set out in Core Strategy Policy CP5 were made but cannot be dealt with as part of the consultation on the SPD. However it is felt that further clarification is required in paragraph 7.7 which deals with the required design and layout of affordable housing units. The requirement for all units to meet the Homes and Communities Agency (HCA) design and quality standards needs to be removed as this is not possible for those units to delivered by the planning obligations form a Section 106 agreement to be entered into by the relevant parties.
- **Section 11- Planning Procedures** It has been noted that it is necessary to further explain how affordable housing will be dealt with in the case of outline applications. Also in light of the newly formed Policy and Planning Groups the procedures relating to who developers will deal with in relation to advice on affordable housing provision will need to be revisited as part of the wider discussion on roles and responsibilities.
- **Section 12 – Rural Exception Sites** There were representations relating to considering taking a more flexible approach to how rural exception sites could be delivered to include market housing in order to provide cross-subsidy for the development of such sites. As part of the work that is involved in progressing this SPD an alternative model of exception site delivery will be investigated.

2.4 Changes to PPS3

On the 9 June 2011 the Government published an amended version of Planning Policy Statement 3. The main amendment was in relation to the definition of affordable housing to include Affordable Rent (AR).

The introduction of the Affordable Rent (AR) model is intended to give social landlords much greater freedom to develop and respond to local need. It will be the primary housing product supported by the HCA, and the expectation is that new homes delivered will be via affordable rents or Section 106 opportunities. Grant funding will need to be supplemented by the conversion of existing stock to other tenures, Section 106 use and public sector land opportunities.

Local authorities will be able to contribute to the delivery of the main AR product, but direct provision by local authorities is likely to be late 2011/12. They may also deliver new supply without HCA funding by using their own resources and additional income generated from charging Affordable Rents on new and converted properties and free land.

Local authorities will be required to publish tenancy strategies for their area by April 2012, which Registered Providers will be consulted on and must have regard to. However, this is for guidance only and ultimately it will be for individual providers to decide what types and length of tenancy to offer.

Affordable Rent can be set at up to 80% of the gross market rent, including service charges, but providers can choose to charge lower rates. However the HCA will need to understand how the proposal helps to meet particular housing needs while still delivering value for money and generating the capacity required to deliver new supply.

Providers that enter into a contract with the HCA to develop new supply will be given the flexibility to convert a proportion of social rent properties to AR at re-let, and they will need to set out what that proportion will be.

2.6 The next stage in preparing the SPD:

In order to progress the SPD the Access Selby Officers need to address the amendments and additions as set out in paragraph 2.3, in particular work is required on the following areas:

1. Amending relevant sections of the SPD to reflect the Affordable Rent model as set out in PPS3.
2. Further defining the standard of design and layout of affordable housing. At the Informal Executive meeting on the 21 July 2011 it was discussed that the SPD should consider housing for the elderly and provide extra care facilities. Officers have met with the Selby Elderly Persons Forum and comments received will be included in the standards set out in the final document.
3. Consulting with planning colleagues to finalise the procedures relating to providing pre-application advice on affordable housing and on the negotiation of affordable housing as part of outline and full planning applications.
4. Developing a new approach to the delivery for rural exception sites to include a proportion of 'Rural Discount Homes' which would be available to local people at a 25% discount of open market value. This will have the benefit of meeting the objectives of PPS3 in supporting mixed, inclusive communities, allowing those who cannot buy on the

open market in rural villages the chance to purchase their own home and also incentivise landowners to bring land forward as this provides a more attractive financial proposition than the traditional £5,000 per plot model for traditional exception sites. Any properties developed as part of this approach would be protected by a S106 and restrictive covenants in order to ensure the affordability of the property and the eligibility of the occupiers will be protected in perpetuity.

- 2.7 Over the coming months Officers will progress with the above steps however the SPD is closely linked to the progress of the Core Strategy. The Core Strategy was submitted to the Secretary of State in May 2011 and the examination in public is set for September 2011. At present the timetable for adoption of the SPD is awaiting the outcome of the Core Strategy examination and final Inspectors Report due for publication in November 2011. Once the Inspectors comments have been considered a timetable for adoption of the SPD will be made available to members.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

The report has been prepared to deal with the Council's approach to affordable housing.

3.2 Financial Issues

- 3.2.1 All costs associated with the production of the draft Affordable Housing SPD have been accounted for in the budget: These include:

- Formal advertisements in the local newspapers.
- Press releases
- All documents available to download from www.selby.gov.uk/SADPD
- Attendance at the Tadcaster CEF meeting
- Registered Providers and Developer Stakeholder Workshop
- Attendance at the Elderly Persons Forum

- 3.2.2 Once the SPD is adopted, the planning process will be streamlined, thereby reducing staff time and resources.

The SPD also proposes the collection of commuted sums in lieu of on-site contributions on smaller sites and these monies will be used for the provision of more affordable housing across the District.

4. Conclusion

- 4.1 The draft Affordable Housing SPD, once adopted will complete the Core Strategy policies and provide a mechanism for considering planning applications which include affordable housing. The document will be a material consideration in determining planning applications for affordable housing. Following the public consultation earlier in the year the Council has now considered consultation responses and the

amendments to PPS3. Upon approval by the Executive and Council, officers will continue to progress with the document in advance of the adoption of the Core Strategy.

5. Background Documents

Selby District Submission Draft Core Strategy
CLG Planning Policy Statement 3; Housing

Contact Details
Eileen Scothern
Business Manager

Appendix A

Draft Affordable Housing SPD

Appendix B

Schedule of Responses to Consultation on Affordable Housing SPD (February 2011)

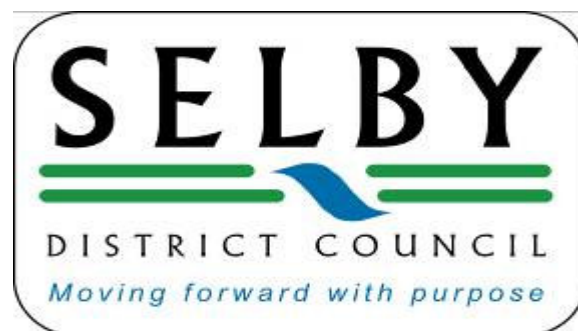


Selby District Council

Affordable Housing

Supplementary Planning Document

December 2010



Consultation on the Draft Affordable Housing Supplementary Planning Document (SPD) begins on Monday 10th January 2011 and comments should be submitted by the 21st February 2010.

Details of consultation events are available through the Council's website www.selby.gov.uk and the local press.

Copies of this document can also be viewed at Access Selby, contact centres in Sherburn in Elmet and Tadcaster and local libraries in the District.

You can now submit a comments form which is available on the Core Strategy pages of our website www.selby.gov.uk and email to affordablehousing@selby.gov.uk.

Comments forms are also available from the 'consultation points' referred to above and may be posted to the Senior Development Policy Officer (Affordable Housing), Development Policy, Selby District Council, Civic Centre, Portholme Road, Selby, North Yorkshire, YO8 4SB

If you require any further help or advice or if you need this document in a different format, for example large print, audio, Braille or in another language, please contact the LDF Team on (01757) 292034 or email ldf@selby.gov.uk

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1. Introduction

1.1 The Council believes that everyone should have the opportunity of a decent home which they can afford in a community in which they want to work or live. Selby District Council is committed to providing high quality affordable housing for people who cannot access or afford market housing in the District

1.2 Housing affordability is one of the biggest challenges facing the District . House prices are higher than national and regional averages, and have tripled over the period 1996 to 2010' Affordability ratios (house price to earnings) are also significantly higher than the 'Affordable Definition' of 3.5 (an affordable mortgage being 3 5 times annual income) particularly in the northern part of the District.

1.3 Recent evidence suggests that there is a significant need for affordable housing in the District. However not only do we need more affordable housing, it needs to be the right kind of housing in the right location.

2. Purpose and Status of the SPD

2,1 Supplementary Planning Documents(SPD's) were introduced by the Planning and Compulsory Purchase Act 2004 to replace Supplementary Planning Guidance (SPG) and form part of a planning authority's Local Development Framework.

2.2 National Planning Guidance(PPS12) states that SPD's should provide additional information to existing plan policies and proposals to assist applicants and decision makers in interpreting and applying policy. SPD is given 'substantial weight' as a material consideration in planning decisions, particularly if it accords with national guidance/policy and has been the subject of consultation.

2.3 The purpose of this SPD is to set out the Council's approach to delivering affordable housing in accordance with the Local Development Framework(LDF) and national policy. This includes the range of approaches, standards and mechanisms required to deliver affordable housing which meets local needs and contributes towards attaining mixed sustainable communities and a balanced housing market.

2.4 By following the guidance and discussing proposals with the Council, the time it takes to determine a planning application will be minimised and the probability of success increased.

3. National Policy Context

- 3.1 Planning Policy Statement 3 Housing, first published in December 2006 (amended June 2010), sets out the vision, objectives and policies in relation to housing provision and delivery. The principle aim of PPS3 is to increase housing delivery through a more responsive approach to local land supply, ensuring that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live.
- 3.2 In order to deliver affordable and market housing, PPS3 specifies that Local Development Documents (LDD's) should seek to meet the needs and demand for housing in their area by:
- Setting out the proportions of households requiring market and affordable housing
 - Specifying the types of households requiring market housing
 - Including a plan wide target for affordable housing, taking account of need and availability of finance
 - Setting separate targets for social rented and intermediate housing
 - Specifying the size and type of affordable housing needed
 - Setting out the circumstances where affordable housing is required taking account of the national indicative minimum threshold of 15 dwellings, setting lower threshold where viable and practicable
 - Describing the approach to seeking developer contributions to affordable housing, on and off-site
 - Considering allocating and releasing 'exceptions sites' for affordable housing in rural settlement
- 3.3 PPS3 also includes a definition of affordable housing which includes social rented and intermediate housing but excludes low cost market housing. (see section 5)

4. Local Policy Context

Core Strategy

- 4.1 The Council's Core Strategy encourages the development of sustainable communities, which are vital, healthy and prosperous. It aims to meet the current needs of local residents whilst recognising the importance of having regard as far as possible to future circumstances and the legacy being created for future residents.
- 4.2 The two main aims of the Core Strategy affordable housing policy are:
- To establish the overall target for the provision of affordable

housing in the District in accordance with PPS3;

- To set out the broad framework within which developer contributions go towards meeting affordable housing need will be sought in association with normal market housing.

4.3 The Council has set itself a long term target for the Core Strategy period up to 2026 to secure up to 40% affordable housing from total housing provision from all sources, not just in association with private developments.

4.4 Given that Selby District is basically rural in character and has a high affordable housing need, 60% of which arises outside Selby, there is justification for operating lower thresholds than the national indicative site size threshold of 15 dwellings, subject to compatibility with levels of viability. Supplementary work on the relative viability of varying threshold levels has been undertaken, which has established that a site size of 10 units is the minimum which makes the provision of affordable units sufficiently viable. (See *Affordable Housing Viability Study September 2009 and Affordable Housing Small Sites Threshold Testing Addendum Letter October 2010*)

Core Strategy Policy CP5

A The Council will seek to achieve a 40/60% affordable/general market housing ratio within overall housing delivery

B In pursuit of this aim the Council will negotiate for on-site provision of affordable housing up to a maximum of 40% of total new dwellings on all market housing sites at or above the threshold of 10 dwellings (or sites of 0.3ha) or more. Commuted sums will not normally be accepted on these sites unless there are clear benefits to the community/or delivering a balanced housing market in re-locating all or part of the affordable housing contribution.

C. On sites below the threshold, a commuted sum will be sought to provide affordable housing within the District. The target contribution will be equivalent to the provision of 10% affordable units.

D. The tenure split and the type of housing being sought will be based on the Council's latest evidence on local need.

E. An appropriate agreement will be secured at the time of granting planning permission to secure the long-term future of affordable housing. In the case of larger schemes, the affordable housing provision will be reviewed prior to the commencement of each phase.

The actual amount of affordable housing, or commuted sum payment to be provided is a matter for negotiation at the time of a planning application, having regard to any abnormal costs, economic viability and other requirements associated with the development. Guidance will be provided through an Affordable Housing SPD.

4.5 **Rural exception policy**

The Core Strategy rural exception sites policy enables small sites to be developed, specifically for affordable housing in small rural communities that would not be developed for housing under normal planning policies. Acceptance of 'exception sites' is subject to their meeting an identified local need and that any homes developed will remain affordable in perpetuity.

Core Strategy Policy CP6

In settlements with less than 3,000 population planning permission will be granted for small scale 'rural affordable housing' as an exception to normal planning policy where schemes are restricted to affordable housing only and provided all of the following criteria are met:

- i) The site is within or adjoining Development Limits
- ii) A local need has been identified, the nature of which is met by the proposed development.
- iii) The development is sympathetic to the form and character and landscape setting of the village and in accordance with normal development management criteria, and

An appropriate agreement will be secured, at the time of the granting of planning permission to secure the long-term future of the affordable housing

Site Allocations DPD

- 4.6 Specific allocations for rural exceptions sites are considered as part of the Site Allocations DPD. The allocations will be in the Secondary Villages where there are no market housing allocations which would assist in affordable housing delivery. They may be on greenfield sites and/or previously developed land both within and adjoining development limits

Housing Strategy

- 4.7 Selby District Council is a partner in the North Yorkshire Sub-Regional Housing Partnership which is responsible for the development and implementation of the North Yorkshire Housing Strategy. A Local Action Plan will be developed specifically for Selby District.

- 4.8 Strategic Priority 1 of this Housing Strategy is to enable the provision of more affordable homes. The sub-region proposes to
- Deliver a programme of additional affordable homes
 - Increase the availability of land for affordable housing

- Investigate alternative delivery mechanisms for affordable housing

5. What is Affordable Housing ?

5.1 Affordable housing definition

For the purpose of this SPD, the Council's definition of affordable housing will be based on the most up to date PPS3 definitions at the time a planning application is determined, in June 2010 the definitions were as follows:-

Affordable housing includes social rented and intermediate housing, provided to specified eligible household whose needs are not met by the market.

Affordable housing should:-

- Meet the needs of eligible households including availability as a cost low enough for them to afford, determined with regard to local incomes and house prices; and
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

5.2 Forms of affordable housing

Social rented housing

Owned and managed by local authorities and Registered Providers(RP's) for which guideline target rents are determined through the national rent regime.

Intermediate affordable housing

Housing at prices and rents above those of social rent, but below market prices or rents which meet the criteria set out in the definition above. Common models of intermediate housing include:-

- **Shared equity** is where more than one party has an interest in the value of the home eg an equity loan arrangement or a shared ownership lease. There may be a charge on the loan and restrictions on price, access and resale
- **Shared ownership** where the purchaser buys an initial share in a home from a housing provider who retains the remainder. In most cases the purchaser may buy additional shares (staircasing) and own the whole property and it may also be possible to sell back shares under certain circumstance (staircasing down). Staircasing may however be restricted in some rural areas
- **Intermediate rent** is housing made available at below market

rent – levels should not exceed 80% of prevailing market rents

- **Discounted sale** homes are provided at a discount to the full market value. The purchaser buys the whole home at a reduced rate.

6. Evidence of Housing Need

Strategic Housing Market Assessment (SHMA)

- 6.1 In 2009, the Council commissioned consultants to undertake a SHMA.
- 6.2 The study involved a detailed analysis of affordable housing requirements using a methodology advocated in Government Guidance. Analysis indicates that across Selby, there is an annual net shortfall of 378 and a gross shortfall of 409 affordable dwellings. This is taken as a measure of the annual supply/demand imbalance for the five year period 2008/9 to 2012/13. This compares with a net affordable housing requirement of 294 each year identified in the 2005 housing needs assessment.
- 6.3 Around 25% of the identified need is in Selby town and if this is added to the need in the market towns of Sherburn and Tadcaster, this accounts for 40% of total need. The highest need is therefore across the rural areas of the District.
- 6.4 Analysis of affordable housing requirements suggested that a range of affordable dwellings are required, in particular two and three bedroom general needs properties to address the needs of families. The report emphasises that particular care is taken to ensure that properties are built to reflect the demand from families and in the interests of long-term community sustainability.
- 6.5 A tenure split in the range 50 to 70% social rented (and the balance of 30 to 50% to be intermediate tenure) across the District is recommended. This is based on the stated preferences of households in 2009 and an analysis of the relative affordability of intermediate tenure products.

7. Negotiating the type, size and tenure of affordable housing

- 7.2 Developers are recommended to view SDC website to access the most up to date contribution guidance and appendices to this SPD.

7.3 Site size and Suitability

In accordance with the Core Strategy Policy CP5, the Council will seek to negotiate a target of 40% affordable homes on residential

schemes (or mixed schemes with a residential element) of 10 dwellings or more, or 0.3ha or more regardless of the number of dwellings.

7.4 The Council will apply this policy to planning application on sites falling below the threshold where the Council can demonstrate that the site is capable of delivering more housing than proposed and/or the site forms part of a more substantial development, which would in its totality be above the threshold.. For example where a site has been split into phases which individually fall below the threshold. This will apply regardless of land ownership.

7.5 **Type and tenure**

The exact number, type and size of affordable housing will be based on an assessment of need which will include:-

- Information from the most up to date SHMA or local needs survey if available
- Current information from our Housing Register
- Existing affordable housing provision in the locality
- Local housing market characteristics

7.6 Based on the current housing needs evidence, the Council will seek 2 and 3 bed family housing rather than flats in order to meet a range of needs in flexible housing solutions for the long term. The Council will resist the provision of one bed properties for these reasons. A tenure split in the range 50 to 70% social rented (and the balance of 30 to 50% to be intermediate tenure) across the District will be the starting point for negotiations based on the evidence from the SHMA.

7.7 **Design and layout**

As with all forms of residential development the Council expects affordable housing to be built to a high standard of design and amenity. Affordable housing units provided within a new residential development should be of a similar size and quality to the open market housing and should be visually indistinguishable. They should meet the Homes and Communities Agency design and quality standards. An appropriate level of parking should be provided for the affordable homes.

7.8 **Pepper potting**

In order to create mixed and balanced communities, affordable housing should be dispersed through the application site. There may be circumstances where Registered Providers (RP's) have management reasons for seeking a proportion of the affordable housing to be sited together eg in flatted schemes but this should not prevent the remainder of the provision to be distributed across the development.

7.9 Registered Providers

The Council strongly recommends that developers put forward proposals with a partner RP's in order that they can be involved in the negotiations at the earliest possible stage and preferably be party to the section 106 Agreement. There are several RP's who have existing stock in the District and work with the Council in the future development of affordable housing. A list of these Registered Providers is set out in Appendix 4. The Council's preferred option is that the developer builds and transfers the completed units to an RP at the transfer price for that particular dwellings (see section 9). In some circumstances the developer may transfer serviced land to the RP to enable the building of each affordable unit. Whatever option is chosen the Council will normally expect the affordable housing to be provided without the need for public subsidy. In some circumstances however, where there is some 'additionality' to the housing scheme, grant may be available from the Homes and Communities Agency to the RP which would need to be supported by the Council.

7.10 Local Connection

Affordable housing developed in Selby town, Sherburn and Tadcaster will be made available to people with a local connection to that settlement and the surrounding sub area parishes (see Map 1). In the rural parishes the affordable housing will be available in the first instance to people with a local connection to the parish and subsequently to people with a local connection to other parishes in the sub-area. If a local person in need of accommodation cannot be found to occupy the affordable property, a cascade mechanism will be used to widen the search area. The time periods required for each area of search and the definition of local connection will be set out in the Section 106 agreement.

7.11 Legal agreements

The affordable housing will be secured through a planning obligation under Section 106 of the Town and Country Planning Act 1990. Model heads of terms are to be found in Appendix 1 of this document and a draft section 106 agreement (based on this model) must be submitted with the planning application.

7.12 Service Charges

On developments where the affordable housing provision is subject to a service charge, the charge should not be so great as to make occupancy unaffordable. The Council will consider the level of service charges in the context of prices, rents, and overall affordability in relation to the findings of the SHMA.

8. Transfer prices

- 8.1 The expectation of the Council is for affordable housing on sites of 10 dwellings or above to be provided by the development as completed units on sites.
- 8.2 The Council wants to avoid RP's bidding against each other to secure affordable homes from developers. and has worked with its RP partners to set a transfer price for each property type of a minimum size. The methodology is set out in Appendix 3 and will be periodically reviewed. This price is irrespective of tenure and is intended as a guide. It should be provided as part of the information submitted with the planning application and included in the section 106 agreement.

9. Development Viability

- 9.1 Developers are expected to consider the overall cost of development, including the required planning obligations and any abnormal costs, prior to negotiating the purchase of land or the acquisition or sale of an option. Early consultation with the Council on such requirements is therefore encouraged.
- 9.2 On certain sites development viability may be affected by a range or combination of factors such as high abnormal costs and/or competing or existing land values. Where it can be demonstrated that schemes would incur high abnormal costs, or where development viability is affected by other factors, a reduction in the level of affordable housing may be considered favourably.
- 9.3 Abnormal costs can broadly be described as site conditions, which a competent purchaser, having undertaken the necessary investigation, could not have reasonably foreseen prior to the acquisition of a site.
- 9.4 Where development viability is considered to be affected, the developer should identify these issues and associated costs and submit a financial appraisal to the Council at the earliest opportunity. A list of information required can be obtained from the Council website.
- 9.5 The Council will refer the submitted appraisal to an independent valuer and will require an open and co-operative approach between the developer, the Council and the valuer. The cost of this will be reimbursed by the developers.
- 9.6 Where development viability is proven to be affected to a critical point by the provision of affordable housing a negotiated reduction may be agreed either to the overall numbers or to the type, size and tenure.

10. Commuted Sums

- 10.1 If a site has been accepted as being appropriate for the provision of affordable housing (on sites of 10 dwellings or above) it is expected that those units will be provided on site. Consequently financial contributions to fund the provision of affordable housing on land elsewhere, will be only be acceptable in very exceptional circumstances where it can be shown there are clear benefits to the community/or delivering a balanced housing market in re-locating all or part of the affordable housing contribution.
- 10.2 A financial contribution will be only be acceptable in-lieu of on-site provision if both the developer the Council agree that this is the preferred approach eg where the management of the affordable housing on site cannot be effectively secured. The sum will have an upper limit equivalent to a 40% affordable rate.
- 10.3 There is a strong reliance on private development to contribute to the delivery of affordable housing. A high proportion of that development comes forward on small sites within village settlements. Therefore the Council's Core Strategy's affordable housing policy requires all developments to contribute in some way towards meeting housing need wherever the viability of the development allows.
- 10.4 The Council's Economic Viability Assessment has indicated that 'on-site' provision of at least one whole unit on sites of less than 10 dwellings will not generally be viable. It is therefore proposed that below this threshold a contribution in lieu be sought for each new dwelling unit. The commuted sum will have an upper limit equivalent to a 10% affordable rate.
- 10.5 As with 'onsite' provision on sites of 10 dwellings or more, all contributions will be subject to negotiation and the policy parameters are there to inform discussion.
- 10.6 The methodology for calculating the commuted sums is set out in Appendix 3 and the mechanism for payment will be secured through the section 106 agreement.
- 10.7 Contributions received in lieu for affordable housing on site will be held in a fund and used to meet the provision of affordable housing elsewhere in the District. An administration fee of 5% will be included in the sum paid. This includes new build schemes and purchase and refurbishment of empty properties

11. Planning Procedures

- 11.1 Developers are advised to consult with the Council's designated Affordable Housing Officer at the earliest opportunity within the site development process. This should be prior to the land acquisition stage and prior to the submission of a planning application. The Council's policy is that pre-application charges will apply for advice that relates to a specific site.

- 11.2 The Council will not validate a planning application where there is a requirement to provide an element of affordable housing, unless the application is supported by an Affordable Housing Plan (see Appendix 1), the Heads of Terms of a section 106 agreement (see Appendix 2) and a financial appraisal if the target of 40% affordable housing cannot be achieved.

12. Rural Exception Sites

- 12.1 The rural exception sites policy (see section 4) enables small sites to be developed, specifically for affordable housing in small rural communities that would not be developed for housing under normal planning policies. Acceptance of 'exception sites' is subject to their meeting an identified local need and that any homes developed will remain affordable in perpetuity
- 12.2 The housing need of the community can be identified through the SHMA, local housing needs surveys, housing register and other mechanisms such as community consultation events.
- 12.3 The Council currently has the resources of a Rural Housing Enabler employed as part of the North Yorkshire Rural Housing Partnership who works with landowners, local communities and RP's to deliver rural affordable housing schemes. Landowners wishing to develop their land for exception site schemes should seek the advice of the Rural Housing Enabler or the Council's Affordable Housing Officer at the earliest opportunity.
- 12.4 Specific allocations for such sites in Secondary Villages will be considered in the Site Allocations DPD. These may be on 'greenfield' sites and/or previously developed land both within and adjoining village development limit

Appendix 1

Information to accompany a planning application

1. The proportion of dwellings provided to be affordable (target of 40%)
2. A financial appraisal if the 40% target is not achieved
3. The proportion of affordable dwellings to be provided as social rent and intermediate housing
4. Layout plans showing the affordable dwellings by tenure
5. Details of the Registered Provider who will be partnering on the site
6. Timing/trigger arrangement for the transfer of the affordable dwellings to the identified Registered Provider
7. Details of open market valuations of the affordable dwellings
8. Draft section 106 agreement

Appendix 2

Heads of Terms for section 106 agreements

1. The number, type and tenure mix of the affordable housing
Affordable housing plots and associated car parking bays to be identified on an attached plan
2. Schedule of affordable dwellings confirming plot number, house type and floor area
3. Requirement that the developer informs Selby District Council when the development commences
4. Requirement that the affordable dwellings be transferred to the partner Registered Provider named in the agreement
5. Time period for developer to enter into a contract with the Registered Provider and provisions for an alternative Registered provider in the event the deadline cannot be reached
6. Requirement for affordable dwellings to be built to a standard of specification which acceptable to the Registered Provider
7. Marketing obligations for the Registered Provider to be set out
8. Prices for affordable dwellings for sale to include marketing costs to be incurred by the Registered Provider
9. Triggers for when the affordable dwellings will be provided
10. Prices for the affordable dwellings to be inserted and index linked if necessary
11. Requirement for affordable dwellings to be made available to households with a local connection (definition included) and cascade periods set out
12. Requirement for those purchasing under Discount Sale to enter into a lease with the Registered Provider restricting resale ie limiting the percentage of open market value at which the home can be sold
13. Clause to cover the requirement of a commuted sum in the event that the developer fails to enter into a contract with a Registered Provider
14. Council to covenant to use the commuted sums to meet local housing needs
15. Council to covenant to repay any remaining monies if they have not been spent within five years of the date of payment
16. Mortgagee in Possession Clause
17. Clause requiring reassessment of economic viability (if 40% target not achieved) after a certain time period/construction of x dwellings

Appendix 3

Transfer prices and Commuted sums

Transfer prices - Methodology

The Council works with its RP providers to set transfer prices for a range of property types

Properties for rent

RP's provide information on prices that could be paid based on the project rental income and borrowing limits. An average price for rental units is then calculated.

Intermediate properties

A District average of 50% of market values calculated based on an affordable mortgage being 3.5 times an annual salary.

Unit type	Size sq m	Price to developer
1 bed flat	50	£37,000
2 bed flat	65	£45,000
2 bed house	75	£56,000
3 bed house	85	£73,000
4 bed house	100	£85,000

January 2011

(Not yet agreed)

Commuted Sums – Methodology

The methodology is to ensure that the shortfall between the market value of affordable dwellings and market dwellings is met by the developer.

This is represented by the formula below:

$$(A-B) \times (C/D)$$

Where A is the market value of a dwelling (or sq m)

Where B is the transfer value of a dwelling (or sq m) to a RP

Where C is the affordable housing percentage

Where D is the total number of dwellings (or sq m)

For 10 dwellings or above the target affordable housing percentage is 40% and sites of less than 10 dwellings the target percentage is 10% (see paragraph 10.2 and 10.5)

Appendix 4

List of Registered Providers

Broadacres Housing Association Broadacres House Mount View Standard Way Northallerton DL6 2YD	Jephson Housing Association Jephson House Lowfields Business Park Old Point Way Elland HX5 9DE
Home Knight House 2 Sandbeck Court Wetherby LS22 7BA	Chevin Housing Group Harrison St Wakefield WF1 1PS
South Yorkshire Housing Association 43-47 Wellington Street Sheffield S1 4HF	Connect Housing 205 Roundhay Road Harehills Leeds LS8 4HS
Yorkshire Housing 6 Innovation Close Heslington York YO10 5ZF	Hanover (Elderly persons accommodation) The Wave 1 View Croft Road Shipley BD17 7DU



Map 1 Parishes and Sub-Areas

Appendix B Schedule of Responses to Consultation on Affordable Housing SPD (February 2011)

Number	Name	Section	Summary	Response
1	Peter Atkinson CoHo Ltd	5	Need to revise the definition of affordable housing to include affordable rent	Current consultation on amendments to PPS3
		7	Tenure split is too vague. Suggest more social rent to high value areas and vice versa.	This is a good suggestion but would require further work to define the high/low value areas
		4	40% affordable housing is unachievable in current climate. Need a more flexible approach e.g. CYCC	This is a matter for the CS
		9	Definition of profit and what is acceptable to SDC	It would give developers more certainty but do we want to be so prescriptive
2	Smiths Gore on behalf of York Diocesan Board of Finance	4	Threshold of 10 is too low	This is a matter for the CS
		9	In relation to viability, flexibility is required. Offsite provision should be built into the policy text	
		6	Type and size of housing should be negotiated on a site-by-site basis	Agree
		12	Consider open market housing on RSX's to incentivise landowners	Contrary to PPS3
3	HCA	7	Agree with the approach on s106 sites and that RP's involved at an early stage.	

			Would welcome above CSH3 where possible. Need to consider affordable rent Clarify what is meant by level of parking	
			Supports on site provision of affordable housing	Agree
		11	Supports the need for an affordable housing plan	Agree
		12	Support RXS and use of RHE. Would prefer development on PDL or use of empty homes over use of greenfield	Agree on first point. RXS's very rarely pdl. Empty properties difficult to secure with limited grant due to price of property
		General comments	Affordable housing is a key priority within the LIP Supports aim to achieve balance and sustainable communities Welcome an affordable rent model including the use of s106's	
4	Hazel Bramley	12	RXS's are the way forward to provide affordable housing in rural communities	Agree
5	Malcolm Spittle NYCC	General comments	Supports the content of the SPG	Agree
6	Hemingbrough	7	Affordable housing should be	Agree

Parish Council		integrated It should be for local people to rent or buy There is a need for elderly persons accommodation	
	9	Parish Council and residents should have a greater input to number and type of houses within parish	PC will be consulted
	10	Do not agree with commuted sums especially if money could be used elsewhere	Comment noted. Commuted sums will only be used in exceptional circumstance. In case of less than 10 dw. Unlikely there will be a sufficient sum to spend in Hemingbrough only These are confidential
	11	The PC should be involved in pre-app discussions	
	12	Object to a development of only affordable housing	RXS only acceptable for affordable housing in accordance with PPS3
	General	Additional services required in	Noted

		comments	Hemingbrough	
7	Carter Jonas	7	Object to the tenure split as they will differ across the district Also need to include affordable rent Do not support requirement for SDC to nominate the RP Developers should be able to select their own	SDC will provide a list of the RP's that currently work in the District. The developer will be able to select from this list. With set transfers there will be no advantage in working with any particular RP Support the proposal to define local connection.
		8	Object to setting of transfer prices which lead to viability issues and does not take into account the costs of developing an individual site	Transfer prices prevent bidding between RP's. Approach is supported by RP's, the HCA and indeed some developers as they prefer the certainty of transfer prices
		9	Unreasonable for applicant to fund independent verification of financial viability. If required to do so they should choose the independent assessor	This will only be the case if the target of 40% affordable housing is not proposed If the applicant selects the advisor it would not be independent
		11	Unreasonable to require payment for pre-app	Not a matter for the SPD

			discussions If Council requires pre-app payment and for assessment of financial viability then the costs should be covered in the appraisal by a proportionate amount	
		General	Procedures are onerous and will stifle housing development	
8	South Yorkshire HA	7	Is 40% affordable viable? Under 10 units means that rural schemes will not have on site provision If HCA minimum standards they will be larger and therefore not indistinguishable	A matter for the CS Smaller thresholds were found not to be viable. Commuted sums can be spent in the rural areas Delete HCA standard
		8	Will not prevent seeking prices from several RP's as only a guideline.	

			However should remain as a guide due to variables	
		9	Interesting to see how developers will deal with this issue	Noted
		10	Surprised that 1 unit could not be provided from 9 dwellings	EVA advised less than 10 threshold would not produce one unit on site
		General	Many changes in delivery of affordable housing including house prices, affordable rents, mortgage availability, therefore difficult to set out a procedure which is acceptable to all	Noted
9	James Perry	7	Fairburn is the wrong location for more affordable housing as there is sufficient to meet needs	Individual parish requirements are not a matter for the SPD
		9	Matters relate to the SADPD	
		10	Commuted sums in lieu of affordable housing in Fairburn would not be acceptable	Individual parish requirements are not a matter for the SPD
		11	Matters relate to pre-application discussions on Fairburn sites	Individual parish requirements are not a matter for the SPD
		12	A proper procedure needs to set out when RXS's will be considered and whether	CS and section 12 set out the circumstances where RXS's will be appropriate

			green belt is appropriate for this purpose	
10	Barton Willmore	2	Object to the procedures as the SPD should be delayed until CS adopted	This is the intention
		6	Overall housing numbers need to be increased above RSS requirements	A matter for the CS
		7	There is no paragraph 7.1 Amend 7.4 to exclude the part relating to sites forming part of a more substantial development No definition of high standard of design and amenity. Should include a policy to encourage building for life standards	Amend! This paragraph is intended to ensure that developers do not 'get round' their affordable housing requirements by developing sites in phases under the threshold Agree – needs amending
		9	Delete parts of 9.1 as developers know this already Clarification on earliest opportunity to submit a financial appraisal	Disagree no deletions Agree timescales with DM

			Support 9.6	Noted
		10	Object to wording	Agree this could be made clearer and amend
		11	Not necessary to include term prior to land acquisition stage Validation requirements are duplicated	No amendment It re-enforces what is required to validate
11	Cunnane Town Planning	7	7.5 The requirements of the RP should be included	Agree and amend
		9	Cost of independent valuation should be agreed by both parties.	??
		10	5% admin fee is not justified and would not stand up to scrutiny	Need a legal opinion
12	Brayshaw Properties	General comments	SPD should include and encourage self-build projects	Is this a matter for an SPD
13	English Heritage	General comments	No comments	
14	Taylor Wimpey	7	7.5 Site and local characteristics should be included 7.7 internal spec may differ 7.7 Comment on HCA D and Q standards	Agree and amend No need to amend After consultation with RP's delete as with no grant, housing standards will not be to HCA standard

		<p>7.8 Wishes of RP's preference over pepper-potting</p> <p>7.10 Agree with local connection but to SDC residents only</p> <p>7.12 Is there a cap on acceptable service charges</p>	<p>After consultation with RP's prefer clusters of 2 and 3 properties – amend to reflect</p> <p>Choice based lettings will cover NY therefore need to ensure SDC connection in s106</p> <p>Only that the properties should remain affordable based on house prices/rents and incomes. Possibly add sentence to clarify</p>
	8	<p>Transfer prices should be price per sq metre</p> <p>Are transfer prices a capped or indicative</p> <p>Clarity that prices are index linked</p>	<p>After consultation with RP's developers do not use same calculations.</p> <p>Indicative – need to clarify</p> <p>Agree</p>
	9	<p>What is acceptable level of profit</p>	<p>Not a figure to be included in the SPD</p>

			<p>Clarity on who would assess viability</p> <p>S106 costs should be included in viability</p> <p>Is there a preference for affordable housing or other s106 payments</p> <p>Onus to demonstrate 40% is not achievable is placed on the developer but it should be on the LA to prepare and fully justify the viability of the policy</p>	<p>An independent source eg DV</p> <p>Noted could amend to clarify</p> <p>Each case would be on its individual merits</p>
		11	<p>If less than 40% agreed prior to land acquisition this should be agreed as the principle for the site moving forward</p> <p>What if no RP at outset</p>	<p>Agree</p> <p>Developer requested to advise of RP partner. No change</p>

			Is there a pro forma for s106	Heads of Terms as set out in Appendix of SPD
			Requirements for outline applications	Agree this needs to be explained
		General comments	Viability equation??	Need to ask objector to clarify
			SHMA must be kept up to date	Agree SPD will be updated when NY SHMA published
15	Dacres Commercial	2	Fails to follow guidance in PPS3	
		3	Needs to be updated regarding PPS3 consultation on affordable rents	Agree – will amend when PPS 3 amended
		4	Comments on 40% requirement and 10 dwelling threshold	Relate to CS CP5
		5	Definition of affordable housing – see above	Agree – will amend when PPS 3 amended
		6	Evidence from SHMA – various points	May need to include
			Considers affordable housing to be located only in higher	Fails to understand reasons for providing affordable housing in rural villages and ability to

			order settlements with good access to jobs and transport	retain services, keep social links etc. Most occupants of affordable housing require a car wherever the location
		7	Object to 40% target 7.4 Should include table in SHMA 50:50 split should be included 7.7 Clarification on standard of design and quality Pepper-potting RP's include clusters 7.9 Partnering with RP's is unworkable	A matter for the CS Figs could be included This is not directly evidenced from SHMA Agree needs amending to include d and q the same as market housing Clusters of 2 and units – this could be specified in the text RP prefer to be involved at early stage. Need to keep this requirement
			7.11 Object to requirement for s106 to be submitted with a planning application	Heads of terms to be submitted – need to clarify in text
			7.12 Service charges not	They can affect affordability and are therefore a

			relevant	consideration in determining the application
		8	Transfer prices too restrictive and result in unviable sites	They have been agreed with RP's to represent prices they are able to pay
		9	More information on how viability will be assessed	Need DM input
		10	10.1 Support 10.2 needs amending 10.7 Object to admin fee	Noted Agree Need legal advice
		11	11.2 – Re-write to provide a better approach	Maybe – need DM input
		12	No case for an RXS	Noted but no reason given
		Appendices	To be re-written in light of previous comments	Need to be re-viewed, particular input from DM required
16	Jean Bills	7	Variety of housing required especially bungalows for elderly people Local connection to the parish is important	Agree
		9	The community should be involved in negotiations	Difficult to involve community directly in s106 negotiations regarding development viability. However local needs from evidence base will feed into the negotiations. PC will be consulted as part of the DM process
		10	Commuted sums in lieu of affordable housing units on the ground should be used in that particular parish	If sums are time limited then would be difficult to ensure they are spent in a particular locality as would depend on suitable land/properties becoming available in that locality

		11	Pre-application discussions should involve the local community	Pre-application discussions are confidential
		12	Support required from local community Limit of 3,000 population unfair Local need should be identified	Agree Settlements defined in Statutory Instrument (covers most parishes in Selby) Agree
		General	Summarises above points	Noted
17	DLP Planning	1	The document appears to say that all affordable housing needs will be met and suggest changes which highlight the CS provisions and the government projection for new housing	Not a matter for the SPD
		4	Objects to 40% requirement	A matter for the CS
		7	Delete the para regarding funding from HCA Object to local connection as too restrictive	This paragraph only supplements the statement that cross subsidy from market housing will be the main mechanism for delivery but recognises in exceptional circumstances there may be funding to increase the number of units The local connection has been made flexible but endeavours to ensure that affordable housing

				delivered, particularly in the rural areas meets the need of that local community
		9	Object to the applicant bearing the cost of independent appraisal Require amendments to text	Agree
18	Jenny Hubbard	7	Innovative ways are required to increase the supply of affordable housing e.g. trusts, landowners Local connection needs to be defined Need guidance for outline application	We should add to text Text already defines in general terms. Each case on its merits and included in the s106 Agree – need a section on this
		10	There are many circumstances where commuted sums could be taken in lieu of on site provision 10.4 If on-site provision on less than 10dw is	Do not agree Yes - needs an additional sentence

			viable could this take place Clarification on admin fee Use of funds for additionality on s106 sites	Seek legal advice Would be included – do we need to be explicit in the text
		11	Need clarification on outline applications	Agree need additional para
		12	More flexible approach with variety of providers Group settlements together to provide a RXS Cross subsidy with market housing Use commuted sums to increase price paid to landowners	Could include CLT's etc Depends if close links between villages Contrary to PPS3 Uncertain that commuted sums could be used in this way
		General	SPD is premature prior to CS being adopted with settlement hierarchy More flexible financial arrangements	SPD will not be adopted prior to adoption of CS Perhaps should be mentioned in general terms as less funding will make the need for new financial models etc

			Mix of affordable housing required not just for families	Agree
19	Daniel Gath Homes	10	Need more information on levels of financial contributions on smaller sites	The equation sets out how this will be worked out but not possible to give figures, depends on market values
		9	What level of profit does the Council expect	Not for the Council to set out in the SPD
20	Constance Baker	7	A variety of affordable housing types and sizes is required	Agree
		12	Housing should be for local people	Agree
		General	Money from sale of affordable housing should be recycled for more affordable housing	RP's required to do this

Item 6.

Executive Minutes 1 September 2011

29. Affordable Housing SPD – Key Decision

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

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

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

Resolved:

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

Reasons for decisions:

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

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Policy Review Committee Work Programme 2011/12

Date of Meeting	Topic	Action Required
23 June 2011	Time of Meetings	Agreed to start at 5:00pm
	Work Programme	Agreed
26 July 2011	<u>Budget and Policy Framework</u> The State of Area Address and the draft Corporate Plan	Agreed
	<u>Committee Requested Item</u> Choice Based Lettings (Tenancy Allocation)	Agreed
	<u>Budget and Policy Framework</u> Review of Car Park Fees	Agreed with the inclusion of two suggestions: 1. To offer free car parking in the 4 weeks leading up to Christmas. 2. To use the Central CEF to aid the consultation process.
9 August 2011 (Special Meeting)	<u>Budget and Policy Framework</u> Site Allocations DPD	Agreed and Proposals sent to Executive.

1 November 2011	<u>Executive Requested Item</u> Boundary Commission proposal to create a Selby and Castleford Parliamentary Constituency	To discuss proposals and formulate response to the Boundary Commission
	<u>Budget and Policy Framework</u> Financial Strategy	To consider the Executive's proposals for the Council's long term (10 year), resource and spending framework in which the budget strategy and three year financial plan will be developed.
	<u>Budget and Policy Framework</u> Affordable Housing SPD	To discuss recommendations on changes before the Core Strategy is adopted.
24 January 2012	<u>Budget and Policy Framework</u> Village Design Statements	To review the latest Village Design Statements and contribute to the consultation process.
	<u>Committee Requested Item</u> Community Engagement Forums	To discuss effectiveness and level of engagement of CEFs
	<u>Committee Requested Item</u> Enforcement Policy	To discuss recommendations on changes before the Core Strategy is adopted.
	<u>Budget and Policy Framework</u> Draft Budget and Financial Plan	To consider the Executive's proposals for revenue budgets and the capital programme for 2012/2013.

12 April 2012	<u>Budget and Policy Framework</u> Community Safety Partnership Plan	To consider the Community Safety Partnership Plan and feedback to the Executive.
	<u>Budget and Policy Framework</u> Sustainable Communities Strategy (SCS) Refresh	To review progress against SCS objectives and seek opinion on priorities.
	<u>Committee Requested Item</u> Street Scene Contracts	To discuss recommendations with Officers of Street Scene on matters relating to the awarding of contracts.
	Policy Review Annual Report 2011/12 and Work Programme 2012/13	To review the Policy Review Annual Report and approve the Draft Work Programme for 2012/13