



Meeting: **POLICY REVIEW COMMITTEE**
Date: **16 SEPTEMBER 2014**
Time: **5.00PM**
Venue: **COMMITTEE ROOM**
To: **Councillors Mrs M Davis, K Ellis, M Jordan (Chair), Mrs K McSherry (Vice Chair), Mrs E Metcalfe, R Musgrave, I Nutt, R Packham, Mrs A Spetch.**

Agenda

1. Apologies for absence

2. Disclosures of Interest

A copy of the Register of Interest for each Selby District Councillor is available for inspection at www.selby.gov.uk.

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

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

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

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

3. Minutes

To confirm as a correct record the minutes of the proceedings of the meeting of the Policy Review Committee held on 15 July 2014.

Pages 3 to 6 attached

4. Chair's Address to the Policy Review Committee

5. PR/14/3 – Financial Strategy

To consider the report from the Executive Director (s15), pages 7 to 38 attached.

6. PR/14/4 – Selby District Council Draft Housing Revenue Account Business Plan Refresh 2014

To consider the report from the Democratic Services Officer, pages 39 to 93 attached.

7. Work Programme 2014/15

Pages 94 to 95 attached

Jonathan Lund
Deputy Chief Executive

Next meetings
22 October 2014 (provisional)
18 November 2014 (provisional)
16 December 2014 (provisional)
20 January 2015
17 March 2015 (provisional)
14 April 2015

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Minutes

Policy Review Committee

Venue: Committee Room

Date: 15 July 2014

Present: Councillors M Jordan (Chair), Mrs K McSherry (Vice Chair), I Chilvers (substitute for Mrs A Spetch) Mrs M Davis, K Ellis, Mrs E Metcalfe, I Nutt and R Packham

Apologies for Absence: Councillors R Musgrave and Mrs A Spetch (substitute I Chilvers)

Also Present: Councillor Mark Crane, Leader of Council

Officers Present: Karen Iveson, Executive Director (S151); Simon Parkinson, Lead Officer Community Support and Richard Besley, Democratic Services Officer

1. DISCLOSURES OF INTEREST

There were no declarations of interest.

2. MINUTES

RESOLVED:

To receive and approve the minutes of the Policy Review Committee held on 15 April 2014 and they are signed by the Chair.

3. CHAIR'S ADDRESS

The Chair welcomed Councillors and Officers to the first meeting of the new municipal year

4. TIMING OF MEETINGS

RESOLVED:

The Committee agreed to commence meetings at 5.00pm for the 2014/15 municipal year.

5. PR/14/1 – STATE OF THE AREA ADDRESS

Councillor M Crane, Leader of the Council presented the State of the Area Address.

A query was raised regarding whether the Council was removing carpets in a good condition which then meant that new families were then moving into an uncarpeted property. It was agreed that this would be looked into and a response would be circulated to the Committee via the Democratic Services Officer.

The Leader of the Council explained that there had been significant successes in 2013/14 with good work from officers and Councillors. The work to improve roundabouts on the entries to Selby was highlighted.

Queries were raised around the following areas:

- The progress of Community Engagement Forums (CEFs).
- The welfare reform changes.
- The planning process concerning impact assessments and section 106 agreements.
- The purchase of the Burn Airfield site.

With regard to CEFs, the Leader of the Council stated that they were currently under review however there were some effective CEFs and best practice could be shared via these.

With regard to Welfare Reform the Leader of the Council stated that he shared the Committee's concerns for people wishing to down size and increasing the number of affordable homes was a priority for the Council.

In response to queries raised regarding planning, the Leader of the Council stated that changes had been made to pre planning application consultation and currently the Executive were considering the Community Infrastructure Levy (CIL). The Leader of the Council explained that Selby was aiming to show that it was open for development. He also stated that it was recognised that Sherburn had contained a number of developments and it was important that those communities were rewarded with better facilities.

In response to a query regarding the purchase of the Burn Airfield site, the Leader of the Council explained that it was important to purchase a large piece of land as an asset for long term planning and the purchase had now also been backed by the Parish Council.

A query was raised concerning improving tourism for the area. The Leader of the Council stated that the development of the new leisure centre will assist in bringing people to the area along with Selby Abbey.

A query was raised regarding conducting a green belt review of appropriate sites. The Leader of the Council stated he would support such a review.

RESOLVED:

To note the State of Area Address.

6. PR/14/2 – WELFARE REFORM

The Lead Officer for Community Support presented the report which provided a 6 month review detailing the effect of the Welfare Reform changes in Selby district and offered feedback on the work of the Policy Review Welfare Reform Task and Finish Group.

The Committee were informed that there had been more movements on tenancies in 2013/14 than 2012/13 to downsize however there was currently a shortage of smaller properties. It was also explained that the number of people in rent arrears had reduced however the Department of Work and Pensions (DWP) had stated that the figures nationally had risen. The Lead Officer of Community Support stated that the fact that Selby was performing better than the national trend was due to the work of officers in helping tenants and families.

It was reported that there had been positive discussions between the Task and Finish Group and the Selby Advice network. It was stated that the Task and Finish Group were looking at supporting the Selby advice service.

The Committee were also informed that there was work on-going regarding empty homes in the private sector to open up opportunities to obtain properties for affordable rent. It was also explained that Discretionary Housing Payment (DHP) applications had risen.

RESOLVED:

- (i) To note the updated information contained within the review element of the report (including the progress made on Task & Finish Group work)**
- (ii) To endorse the proposal that there is no requirement to amend current policies in relation to implications relating to existing tenants wishing or needing to downsize.**

7. WORK PROGRAMME 2014/15

The Democratic Services Officer presented the Committee's Work Programme for the 2014/15 municipal year.

It was agreed that items relating to the financial strategy and the tenants policy would be added to the work programme for the meeting in September. It was also agreed to have a further welfare reform update in January.

RESOLVED:

To note the Policy Review Committee Work Programme for 2014/15 with the above amendments.

The meeting closed at 6:23pm.

To: Policy Review Committee
Date: 16 September 2014
Author: Karen Iveson, Executive Director (s151)
Lead Officer: Karen Iveson, Executive Director (s151)

Title: Medium Term Financial Strategy Update

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

Recommendation:

That councillors scrutinise the proposed Medium Term Financial Strategy and feedback comments to the Executive.

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 4 September 2014, the Executive discussed the Medium Term Financial Strategy (MTFS) - the Executive report and MTFS paper attached at appendix A.
- 1.2 The MTFS sets the framework for the 2015/16 budget and the 2015 – 2017/18 Medium Term Financial Plan. As part of the Budget and Policy Framework of the Council, the Constitution sets out that Policy Review Committee be given the opportunity to review and comment on the document.

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 MTFS document and update are attached.

2.3 At the time of writing this report the Executive had not met and therefore the relevant minutes of the meeting will follow.

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:
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Appendices:

Appendix A – Executive Report with Strategy 4 September 2014

Appendix B – Extract from Executive Minutes 5 September 2013 (to follow)

Selby District Council

REPORT

Reference: E/14/19

Public - Item 4



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

Title: Medium Term Financial Strategy

Summary:

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

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

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

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

Recommendations:

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

Reasons for recommendation

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

1. Introduction and background

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

2. The Report

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

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

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

None as a direct result of this report.

3.2 Financial Issues

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

4. Conclusion

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

5. Background Documents

Approved MTFS December 2013

Appendices

Appendix A - Medium Term Financial Strategy Update 2014

Contact Details

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Selby District Council

Medium Term Financial Strategy Update September 2014

1. Introduction and Background

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

2 Update on financial assumptions

Interest Rates

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

Appendix A

Inflation

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

Government Grants

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

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

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

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

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

Appendix A

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

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

New Homes Bonus

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

Appendix A

2.18 Our latest assumptions on NHB¹ are:

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

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

* Estimate

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

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

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

Special and Specific Grants

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

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

¹ Updated following submission of Council Tax Base Return October 2013

Appendix A

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

Council Tax

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

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

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

Council Tax Support Grant for Parishes

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

General Balances

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

Earmarked Reserves

- 2.28 An initial review of major earmarked reserves suggests:

Appendix A

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

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

Appendix A

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

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

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

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

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

Appendix A

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

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

3 Revenue Budget

Costs

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

Income

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

Savings

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

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

Targets less green savings

4 Capital Programme

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

5 Programme for Growth

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

Appendix A

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

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

Appendix A

6 Revenue Budget Outlook 2015/16 to 2017/18

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

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

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

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

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

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

Appendix A

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

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

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

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

7 Conclusions

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

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

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

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

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

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

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

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

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

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

Appendix A(ii)

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

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

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

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

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

Reserves											
Description	Estimated Balance 31 March 14	Use	Contribs	Estimated Balance 31 March 15	Use	Contribs	Estimated Balance 31 March 16	Use	Contribs	Estimated Balance 31 March 17	Comments
	£	£	£	£	£	£	£	£	£	£	
Revenue Reserves											
General Fund											
Reserves to fund future commitments:											
PFI Scheme	2,406	- 391	386	2,401	- 402	394	2,393	- 414	402	2,381	
ICT	630	- 472	200	358	- 228	200	330	- 342	200	188	
Building Repairs & Projects	674	- 524	130	280		130	410		130	540	
Election	97		30	127	- 120	30	37		34	71	
Tadcaster Central Area	273	- 273		-			-			-	Transfer £136k balance to Programme for Growth
Industrial Units	60	- 24		36			36			36	
Open Space Maintenance	11			11			11			11	
	4,151	- 1,684	746	3,213	- 750	754	3,217	- 756	766	3,227	
Reserves to fund growth and improvement:											
Special Projects (Programme for Growth)	2,667	- 2,566	2,239	2,340	- 88	999	3,251	- 30	880	4,101	Assumes allocated resources to 2014/15 are spent as planned
Special Projects (Non_PFG commitments)	317	- 317		-			-			-	£167k balance transferred to Programme for Growth
Discretionary Rate Relief Fund	300			300			300			300	
NYCC Collaboration	250			250			250			250	
Business Development (Spend To Save)	272		228	500			500			500	
	3,806	- 2,883	2,467	3,390	- 88	999	4,301	- 30	880	5,151	
Reserves to mitigate financial risk:											
Pensions Equalisation Reserve	600	- 600	186	186		181	367		183	550	£600k transferred to Programme for Growth
NDR Equalisation	3,610	- 3,282	361	689	- 164		525	- 164		361	Sufficient balance for further 2 years cover down to safety net
Planning Inquiries	100	- 100		-			-			-	£100k Transferred to Programme for Growth
Access Selby	592	- 342		250		164	414		203	617	To mitigate financial risk for Access Selby - contributions subject to in year surpluses
Contingency	553	- 53		500			500			500	Funds to cover planning appeals and inquiries plus other unforeseen items
General Fund	1,674	- 174		1,500			1,500			1,500	Working Balance - funding of last resort
	7,129	- 4,551	547	3,125	- 164	345	3,306	- 164	386	3,528	
Other Reserves:											
Sherburn Amenity Land	10	- 10		-			-			-	Transfer to Programme for Growth
Wheeled Bins	18	- 18		-			-			-	No calls on this funding - transfer to Programme for Growth
	28	- 28		-			-			-	
Sub Total	15,114	- 9,146	3,760	9,728	- 1,002	2,098	10,824	- 950	2,032	11,906	

Key:

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

Proposed Savings	Status	2014/15 £	2015/16 £	2016/17 £	Progress
Procurement Workstream					
Election Software	Green	4,988	5,087	5,189	Completed
Audit Partnership	Green	15,918	16,236	16,561	Completed
Total Procurement		20,906	21,323	21,750	
Transformation Workstream					
WWT - Transformation (Core)	Green	53,060	54,122	55,204	Completed
Joint CE with NYCC appointed and 1 further FTE reduction	Green	82,000	82,820	83,648	Completed
Total Transformation		135,060	136,942	138,852	
Value for Money Workstream					
Internal Drainage Boards	Green	151,898	154,936	158,035	Completed
Community Safety	Green	16,236	16,561	16,892	Completed
Ward Boundary Review	Amber	-	30,000	30,000	To be implemented following next election May 2015 - amount subject to review of allowances.
Total Value for Money		168,134	201,497	204,927	
Base Budget Review Workstream					
External Audit Fee	Green	53,370	53,370	53,370	Completed
Early Retirements - Strain on Pension Fund	Green	98,512	100,482	102,491	Completed
Corporate and Democratic Core	Green	7,140	7,283	7,428	Completed
Pay award from 2.5% est to 1% revised	Green	33,150	48,118	48,118	Completed
Internal Audit	Green	13,790	14,066	14,348	Completed
Car Allowances	Green	2,850	2,850	2,850	Completed
Civic Centre NNDR	Green	65,996	65,996	65,996	Completed
Total Base Budget Review		274,808	292,165	294,601	
Discretionary Service Review Workstream					
External Grants	Green	12,000	12,000	12,000	Completed
Total Discretionary Service Review		12,000	12,000	12,000	
Income Generation Workstream					
Use of assets for advertising space	Amber	5,000	25,000	25,000	Contract signed. Planning consent due by end of Oct 14. Revised target for 2014/15
Total Income Generation		5,000	25,000	25,000	
Total General Fund Savings		615,908	688,927	697,130	
Savings Target		481,374	941,456	957,756	
Headroom/Deficit (+/-)		** 134,534 -	252,529 -	260,626	
Green Savings		610,908	633,927	642,130	
Amber Savings		5,000	55,000	55,000	

Red Savings**
Total

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

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

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

2013/14 – 2016/17 GENERAL FUND CAPITAL PROGRAMME

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

SUMMARY OF FUNDING

Capital Receipts	249,720	185,000	185,000	185,000
Grants & Contributions	149,720	145,000	145,000	145,000
Revenue				0
Reserves	764,190	849,885	186,300	354,500
Borrowing	0	300,000	1,250,000	1,250,000
TOTAL	1,163,630	1,479,885	1,766,300	1,934,500

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

<u>PROJECTS</u>	Estimated Programme 2014/15 £	Estimated Programme 2015/16 £	Estimated Programme 2016/17 £
<u>PROJECTS</u>			
<u>Current Projects</u>			
Electrical Rewires	260,000	260,000	260,000
Central Heating - Gas	575,480	575,480	575,480
Central Heating - Solid Fuel to Gas			
Central Heating - Solid Fuel	-	232,500	75,000
Roof Replacements	350,000	210,000	
Damp Surveys & Works	300,000	300,000	300,000
Door Replacements	48,000	134,000	50,000
Kitchen Replacements	237,000	237,000	237,000
Pre Paint & Cyclical Repairs	113,000	113,000	113,000
Fencing			
<u>New Projects</u>			
Window Replacements			
Void Property Repairs	53,500	53,500	53,500
Additional External Door Replacements			
Additional Pre Paint & Cyclical Repairs			
Central Heating - Economy 7 to Gas	372,000	200,000	
Airey Properties	1,722,000		
Bathroom Replacements		180,000	180,000
Pointing Works (Subject to bid)		300,000	300,000
New Build Projects	300,000	1,250,000	1,250,000
TOTAL	4,330,980	4,045,480	3,393,980

SUMMARY OF FUNDING

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

Programme for Growth

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

To: Policy Review Committee
Date: 16 September 2014
Author: Richard Besley, Democratic Services Officer
Lead Officer: Karen Iveson – Executive Director (s151)

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

Summary: This report allows Policy Review Committee the opportunity to comment on Executive Report E/14/22

Recommendation:

To scrutinise the Executive's decision on E/14/22 and endorse or refer comment back to the Executive

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 4 September 2014 the Executive discussed report E/14/22.

2. The Report

- 2.1** The Executive asks the Policy Review Committee to review the report and its recommendations and forward any comments as appropriate.
- 2.2** To aid Policy Review Committee, the report is attached as appendix 1 and minutes will follow when available.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

As outlined in E14/22

3.2 Financial Issues

As outlined in E14/22

4. Conclusion

That Policy Review contributes to the effective interaction between the Council and the people of Selby district.

5. Background Documents

None

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Appendix:

Appendix 1 – Executive Report E/14/22 and appendices

Selby District Council

REPORT

Reference: E/14/22

Public – Item 7



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

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

Summary:

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

Recommendations:

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

Reasons for recommendation

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

1. Introduction and background

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

2. The Report

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

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

- 2.13 The provisions within our Affordable Housing Supplementary Planning Document, approved in February 2014, enable us to collect affordable housing contributions on housing schemes where this is appropriate, in particular on schemes of 9 units or less, although the government has recently carried out consultation regarding the possible removal of the requirement for an affordable housing contribution on smaller housing schemes.
- 2.14 The Business Plan will continue to be reviewed on a regular basis, with annual reports to the Executive on strategic issues and updates on how Access Selby is performing against the expected outcomes.

Consultation

- 2.15 It is proposed that detailed consultation with tenants as required by s105 Housing Act 1985 is effected through the Tenant and Leaseholder Scrutiny Panel with an overview of the draft document being provided to all tenants through the 'Open Door' newsletter.
- 2.16 Additionally the draft document will be available at the Community Engagement Forum meetings, on-line, and hard copies will be available on request.
- 2.17 The time line for the HRA Business Plan refresh 2014 is set out below.

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

3. Legal/Financial Controls and other Policy matters

Legal Issues

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

Financial Issues

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

Impact Assessment

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

4. Conclusion

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

5. Background Documents

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

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Appendices:

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

Selby District Council Housing Revenue Account Business Plan 2012-17

Refresh 2014 V4

Consultation Draft

Foreword

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

More to be added

Councillor C. Lunn
Executive Member

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1. Introduction

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

2. Our Vision

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

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

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

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

Our key aims are to:

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

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

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

3. The context for our housing service

The national policy environment

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

Housing in the district

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



- 3.7 Despite the reduction in house prices during the recession, housing affordability still remains an issue. In April 2014, lower quartile house prices in Selby were approximately 6.6 times higher than lower quartile earnings. The ratio that is generally used to define 'affordable' is 3.5. Selby District's affordability ratio is considerably higher than this¹.

Supply and demand for affordable housing

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

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

Stock by Property Type as at 01/04/2014

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

3126

Of
which

Sheltered Accommodation	48
Designated for Older People	1233
General Needs	1845

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

3.10 The profile of our applicants² now is:

² Choice based letting

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

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

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

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

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

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

Housing strategy and policy changes

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

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

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

4. Our housing service today

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

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

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

4.1.2 Ensuring that decent and affordable housing is available to everyone

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

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

4.1.3 Promoting social inclusion, respect and sustainable communities

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

4.2 Providing a customer focussed service

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

4.3 Providing value for money

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

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

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

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

5. Our housing service looking forward

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Impact of Community Right to Bid and Right to Challenge

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

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

6. Our Finances

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

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

Self-financing

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

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

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

HRA income

- 6.7 The HRA is a 'ring-fenced' account which means that all of the costs associated with maintaining our homes, financing improvement works and running the service, are met from the rental and other associated income generated from the houses and garages we let to tenants. We cannot use this income for any other Council services.
- 6.8 Under the Government's rent restructuring policy, formula data was provided by the Department for Communities and Local Government (DCLG) to ensure similar rents for similar properties in similar areas are calculated over a transitional period. At convergence, Registered Providers and Local Authorities will use the same formula for setting rent levels, which will ensure that tenants pay similar rents for similar properties regardless of whether the landlord is a Registered Provider (RP) or a Local Authority.
- 6.9 The government has recently made a number of changes to the way rents for social housing will be managed from 2015.

Rents for Social housing from 2015

- 6.10 The transitional period for convergence is coming to an end, and it is now proposed that 2014/15 will be the final year instead of 2015/16. From 2015/16 the model for rent calculation is set to change to increases of CPI plus 1% (this increase applies to both formula and actual increases).
- 6.11 The Government plans to commit to this policy for ten years until 2024/25, which is intended to give long term certainty and stability on rents.
- 6.12 For many landlords and tenants this change will not be significant as the consumer prices index has historically risen at a rate of about 0.5% less than the retail price index. Many landlords and tenants will also

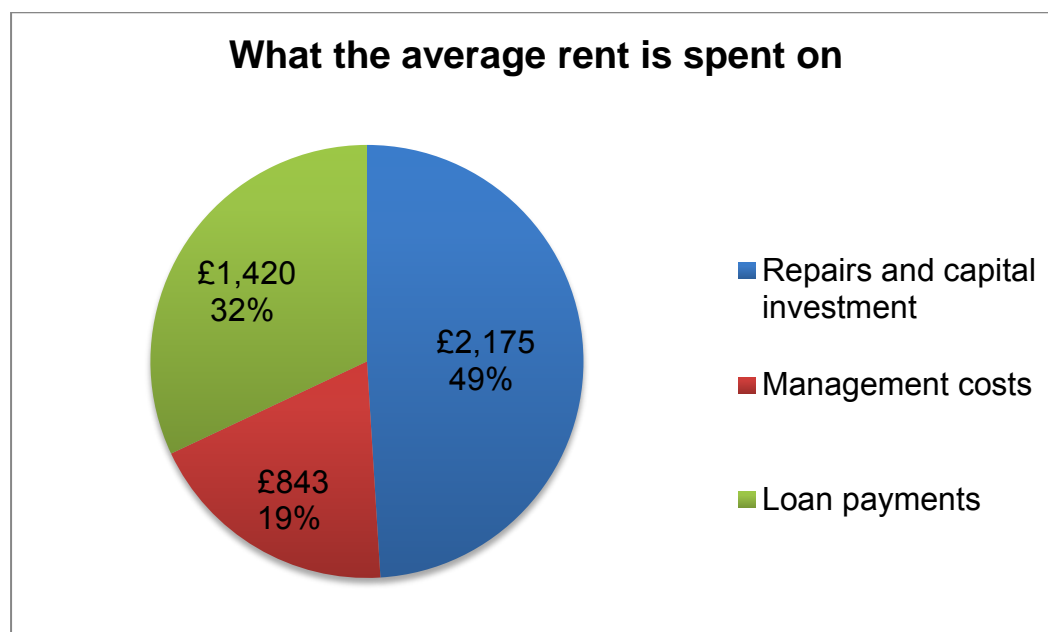
welcome the announcement as bringing more certainty to future rent policy in the long-term.

- 6.13 However, where landlords have yet to achieve rent convergence the new approach will prevent them from doing so in future. This mainly affects local authorities that have not been able to converge their rents with formula rents either because of the operation of the 'caps and limits' in the existing rent policy framework or because of historic policy decisions such as very low rents already in the District. This is especially significant in that the debt settlement with self-financing was based on the assumption that rents would converge.
- 6.14 Rent generated is utilised to service the debt incurred, invest in maintaining our housing stock and new build opportunities as well as cover the running costs of our Housing Revenue Account service. The move to a CPI based increase will give lower increases going forward which is good headline news for tenants but has a negative impact against the self-financing business plan, meaning that in the longer term there will be less resource for re-investment in our housing stock. The business plan assumed increases of 5% but it is not known what CPI will be for September 2014 (for 15/16 rent setting). Current CPI when this was reviewed (November 2013) was 2.1% which would give a total increase of 3.1%.
- 6.15 Where a property is not at formula rent by 2014/15, the Government expects that from April 2015 following a vacancy, the property will be re-let at formula, thereby the rent need not remain below formula rent permanently. This has the impact in Selby of many dwellings not meeting their convergence formula (target) rent and reducing the base budget going forward. Bearing this in mind, for 2014/15 it was proposed to apply the maximum increase allowed through the policy to those properties below formula rent.
- 6.16 On 6 February 2014, the Council's Executive resolved to approve the proposed 5.6% average rent increase for 2014/15. Approval of the rent increase is fundamental to the continuation of funding of the HRA. A rise of 5.6% is higher than the current level of inflation but is necessary to assist in meeting the financial commitments of the HRA including debt repayment and maintenance of stock.
- 6.17 The Executive also requested that Policy Review Committee consider the implications for existing tenants wishing or needing to downsize, of re-letting vacant properties at target rents, and whether recommendations are required for an appropriate policy in such circumstances – see 3.20.
- 6.18 The 2014/15 weekly average rent for a three-bedroomed property in Selby district (set on a 52 week basis) is £85.35. Approximately 60% of our tenants are in receipt of some element of Housing Benefit.

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

Running Costs

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



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

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

Borrowing

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

Summary borrowing position for self-financing

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

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

Loan analysis

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

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

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

Stock investment needs

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

Capital investment forecasts

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

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

Right to Buy

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

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

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

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

Impact of Local Enterprise Partnership and Local Investment Fund

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

Risks

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

Interest Rates

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

Inflation – Economic Uncertainty

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

Assets – Council Houses

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

Rents (Income)

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

Reserves

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

Financial Outlook to 2016/17 and beyond

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

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

Increasing Local Authority housing

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

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

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

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

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

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

7. Delivery

Operations

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

Housing Strategy and Policy Changes

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

Service performance

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

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

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

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

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

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

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

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

8. Consultation

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

HRA Business Plan 2012-17 Key Deliverables

Outcomes to be achieved	What success will look like	How success has been achieved to 2014	What Access Selby will do 2014 +	By when
Stronger Council				
Increased tenant and leaseholder participation	More tenants and leaseholders getting actively involved	Although tenants were invited through their newsletter, CEFs Community Officers, Councillors to form Area Panels during 2013, there was no take up. The Tenant Scrutiny Panel currently has 4 members and is recruiting a 5 th . Repairs and Maintenance group continue to meet despite reduced numbers. TARAs for Flaxley Rd and South Selby continue to meet. Tenants Editorial Panel still operating Tenants were surveyed through Open Door as to their preferred method of communication, which was found to be paper Weekly housing surgeries are held in Sherburn and Tadcaster	The offer is still open for tenants to form Area Panels We are assisting the Scrutiny Panel to recruit more members to groups through Open Door and Community Officer contacts In order to progress this we are now working with TPAS (Tenant Participation Advisory Service) although there is already a wide range of opportunities	Work is ongoing Ongoing in 2014
		The Customer pledge was rolled out by April 2013	Consider additional options provided by new Tenants Leading Change guide	By December 2014
	Improved appearance of 'estates'	Quarterly estate walkabouts continue to be held for tenants and leaseholders to identify local issues A programme of garage contents clearance has begun to tidy areas and relet garages	Walkabouts to continue Continue with garage clearance programme	Quarterly 2014

	<p>Reduced incidence of anti-social Behaviour</p>	<p>The garden at Laurie Backhouse Court has been redesigned. We have targeted overgrown gardens for improvement</p> <p>Personal, environmental and nuisance related complaints (including overgrown trees, gardens etc across all tenures) has increased due to our increased focus on these issues – 2012/2013 - 676 2013/2014 - 959</p> <p>The planned review of the Anti-social behaviour policy in 2013 was re-timetabled to Autumn 2014 when new legislation will be implemented.</p>	<p>We will continue to target overgrown gardens and will take enforcement action in the worst cases to demonstrate our commitment</p> <p>It is likely that reporting will increase following policy review as the policy is now aimed at the district generally and not just at tenants</p> <p>2014 Review and development of ASB procedures</p>	<p>2014 and ongoing</p> <p>Ongoing</p> <p>2014</p>
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Outcomes to be achieved	What success will look like	How success has been achieved to 2014	What Access Selby will do 2014 +	By when
Changing places				
Homes stock that better meets the needs of our changing communities	'New' properties that match our assessed need	Since 2012 we have carried out 65 adaptations to our own stock	Implement effective Asset Management Strategy for Council owned homes	Annually by 31 March
	More tenants buying their homes	16 tenants bought their homes under RTB during 2013/14	Consider how additional affordable homes might be developed through the HRA	By January 2015
	Local funding plan in place that demonstrates viability of RTB and 'one-for-one' replacement	Insufficient receipts have been generated to date	We will continue to assist tenants who apply to buy their home	Ongoing
			We will need to further consider the viability of one to one replacement, but other authorities are finding this is not achievable	2014/15
Living well				
Improved quality of life of our tenants and leaseholders	'Decent Plus' standard maintained	We have maintained the Decent Homes standard and increased energy efficiency through the insulation of 84 Airey homes	Continue to maintain stock intelligence – a new Stock Condition Survey has been commissioned. Approx a third of our homes will be visited	Annually by 31 March
	More tenants with reduced heating costs	We have installed 500 boilers/new heating systems	Deliver Council's approved capital programme	Ongoing
	Increased satisfaction in the service	Customer satisfaction with our service in general remains high at over 98% in both 2012/13 and 2013/14	We will consider the opportunities provided by the Green Deal to implement further energy efficiency measures	2014/15
			Continue to deliver a customer	Ongoing

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

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

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

Extracts from Selby District Profile /Needs Assessment 2014

Place

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

Between 2001 and 2011 the district's population increased by 9.0%; and the mid-2012 population estimates put the current population at 84,144³, and it is expected to continue to grow. This equates to almost 14% of the total North Yorkshire population – showing a steady and expected level of growth. Projections show that between 2012 and 2037 the population of North Yorkshire is expected to increase by 6.6% - with an average yearly increase of 1,580 people. Growth is expected in all Districts, but Selby is due to see the largest increase at 17.9% by 2037. Approximately a third of the population live in the market towns, with the remaining residents living in the 60 or so villages and hamlets.⁴

Housing

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

³ ONS Mid-Year Population Estimates

⁴ SDC Core Strategy

Housing Affordability

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

In accordance with the national picture more affordable housing⁵ is needed in the district. In 2008 it was estimated that an additional 409 homes per year would be necessary for a five year period to accommodate the affordable housing need. Currently supply does not meet demand.

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

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

Comparators

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

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

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

People

Changing demographics

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

Ethnic Diversity

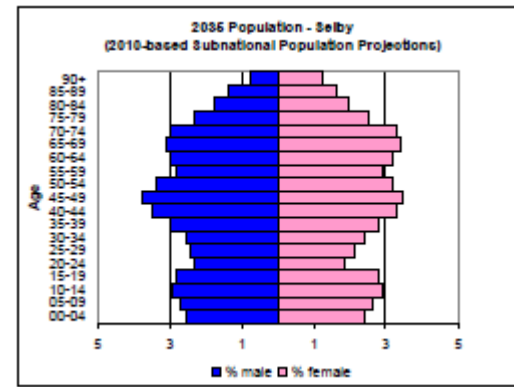
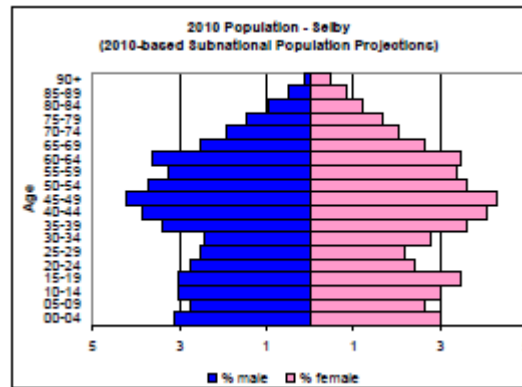
According to national statistics, Selby's community, from a race and religious perspective, is becoming more diverse. The 2011 Census updates indicate that 95.5% of residents in the district are White British – this shows a rise in residents who come from other ethnic groups of 4% from pre-census figures.

Participation

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

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

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



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

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

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

Selby DC - HRA Business Plan Revenue Operating Account

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

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

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

Financial Assumptions

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

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

Risks

The key risks associated with this Business Plan are:

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

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

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

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

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

Policy Review Committee Work Programme 2014/15

Date of Meeting	Topic	Action Required
15 July 2014	Time of Meetings	To agree a start time for meetings for 2014/15
	Work Programme	To agree the Committee's Work Programme for 2014/15
	<u>Budget and Policy Framework</u> The State of Area Address	To consider the Leader's State of the Area Address.
	<u>Committee Requested Item</u> Welfare Reform	To consider the findings of the Task & Finish Group
16 September 2014	<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> Draft HRA Business Plan	To consider the Business Plan and offer amendments to the Executive

20 January 2015	<u>Budget and Policy Framework</u> Draft Budget and Medium Term Financial Plan	To consider the Executive's proposals for revenue budgets and the capital programme for 2015/2016.
	<u>Committee Requested Item</u> Welfare Reform	To receive a six month update from the Lead Officer
	Work Programme 2015/16	To consider the Committee's Work Programme for 2015/16
14 April 2015	Approve Policy Review Annual Report & Work Programme 2015/16	To consider the Committee's Annual Report